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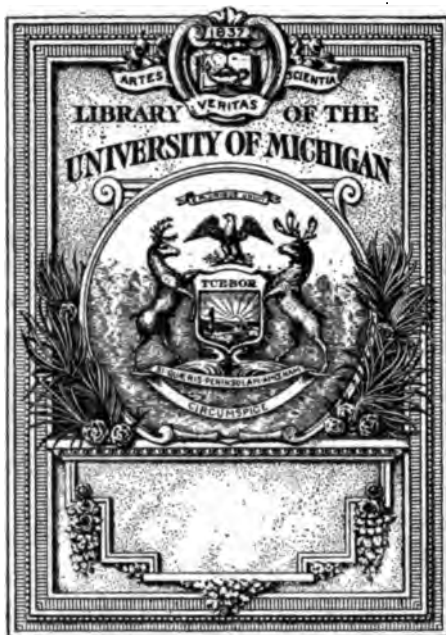
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INTERSTATE COMMERCE COMMISSION REPORTS

VOLUME 67

**DECISIONS OF THE
INTERSTATE COMMERCE COMMISSION
OF THE UNITED STATES**

(FINANCE REPORTS)

FEBRUARY, 1921, TO JUNE, 1921

REPORTED BY THE COMMISSION



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INTERSTATE COMMERCE COMMISSION REPORTS.

FINANCE DOCKET No. 78.

IN THE MATTER OF THE APPLICATION OF THE PEARL
RIVER VALLEY RAILROAD COMPANY FOR AUTHOR-
ITY TO ISSUE NOTES.

Submitted December 18, 1920. Decided February 1, 1921.

Authority granted to issue promissory notes for not exceeding \$25,000, to be dated as of November 3, 1920; and to issue promissory notes for not exceeding \$111,400, to be dated as of the date of the issue.

T. Brady, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Pearl River Valley Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue promissory notes in the aggregate amount of not exceeding \$136,400.

Applicant was organized in 1917, and has constructed and in operation approximately 18.5 miles of railroad, extending from Nicholson to Anderson, in the state of Mississippi. There is in process of construction a 7-mile extension from Anderson to Crosby, Miss., which was begun prior to May 28, 1920. Since its organization the applicant has been operating and extending its line, furnishing facilities that are developing its territory and attracting new industries. No bonds have been issued, but in connection with its construction work the applicant has incurred the indebtedness now represented by promissory notes and open accounts.

The proposed notes will be used to take up the outstanding notes, to cover the open accounts, and to provide funds for construction work in progress.

The proposed notes, together with all outstanding notes of the applicant of a maturity of two years or less, aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of this application.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and copy thereof filed with, the governor of the state of Mississippi, the only state in which applicant operates. No objection to the granting of the application has been offered by the Mississippi Railroad Commission.

We find the proposed issue of not exceeding \$136,400 of promissory notes by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Pearl River Valley Railroad Company be, and it is hereby, authorized (1) to issue, under date of November 3, 1920, promissory notes in the aggregate amount of not exceeding \$25,000, to be payable to the order of the Marine Bank & Trust Company, New Orleans, La., to bear interest at the rate of not exceeding 7 per cent per annum, and to be payable on or before January 1, 1922; said notes to be issued solely for the purposes specified in the application, and to be substantially in the form submitted therewith; and (2) to issue, within 60 days after the date of this order, promissory notes in the aggregate amount of not exceeding \$111,400, to bear interest at the rate of not exceeding 8 per cent per annum, to be substantially in the forms submitted with the application, and to be payable as follows:

Payee.	Maturity.	Amount.
Bank of Picayune, or order.....	90 days after date.....	\$10,000
Pearl River County Bank, or order.....	90 days after date.....	8,000
P. V. Rowlands and R. H. Crosby, or order.....	6 months after date.....	17,500
Rosa Lumber Company, or order.....	12 months after date.....	78,900

said notes, or the proceeds thereof, to be used by the applicant solely for the purpose of taking up or liquidating its outstanding notes and open accounts, and for construction, as set forth in the application.

It is further ordered, That, except as herein authorized, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until otherwise ordered by this Commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to the Commission all pertinent facts relating (1) to the issue of said notes, and (2) to their payment or satisfaction; each report to be in writing and signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation to said notes, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1054.

IN THE MATTER OF THE APPLICATION OF THE ALABAMA, TENNESSEE & NORTHERN RAILROAD CORPORATION FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT.

Submitted January 28, 1921. Decided February 1, 1921.

Application granted in part and loan of \$90,000 approved.

John T. Cochrane for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Alabama, Tennessee & Northern Railroad Corporation, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 24, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness and in providing itself with equipment.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$290,000.
2. That the term for which the loan is desired is 5 years in respect of the maturing indebtedness and 15 years in respect of the proposed purchase of equipment.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness and in providing itself with equipment, as follows:

Purposes.	Principal amount and estimated cost.	Financed by applicant.	Loan from United States.
Note of Metropolitan Trust Company New York City, due by extension Feb. 13, 1921.....	\$70,000	.....	\$70,000
Demand note of People's Bank of Mobile.....	20,000	.....	20,000
200 freight cars and 2 locomotives.....	500,000	\$300,000	200,000
Total.....	590,000	300,000	290,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered in respect to the maturing indebtedness is the applicant's prior-lien 30-year 6 per cent bonds due July 1, 1948, in a principal amount of \$108,000, and in respect to the equipment a second lien on said equipment and in addition thereto \$120,000 of the applicant's prior-lien 30-year 6 per cent bonds, due July 1, 1948.

6. That the extent to which public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and thus uninterruptedly to perform the service of transportation.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The applicant, by its attorney, orally requested that consideration of the application in respect to equipment be deferred.

After investigation, we find that the making of the proposed loan by the United States for the purpose of aiding the applicant in meeting its maturing indebtedness as hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purpose from other sources.

An appropriate certificate will be issued.

Certificate No. 69 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$90,000 by the United States to the Alabama, Tennessee & Northern Railroad Corporation, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in

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meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$90,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$108,000, principal amount, of applicant's prior-lien 30-year 6 per cent bonds due July 1, 1948, issued under a prior-lien deed of trust, dated October 15, 1918, executed by the applicant to the Metropolitan Trust Company, of New York, and James F. McNamara, of New York, as trustees. Said bonds are in definitive coupon form, having coupon due July 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 365 to 472, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 2d day of February, 1921.

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FINANCE DOCKET No. 1141.

IN THE MATTER OF THE APPLICATION OF THE RARITAN RIVER RAILROAD COMPANY FOR AUTHORITY TO ISSUE COMMON STOCK.

Submitted December 27, 1920. Decided February 1, 1921.

Authority granted to issue and sell at par \$160,000 of common capital stock.

Edwin F. Smith for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Raritan River Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$160,000 of common stock to reimburse its treasury for money expended from income in additions and betterments to road and equipment and not heretofore capitalized.

Applicant has an authorized capital stock of \$1,000,000, of which \$840,000 has been issued and is outstanding. It is proposed to issue and sell at par the balance of the authorized capital stock and to use the proceeds thereof for interline payments, taxes, and current expenses.

Applicant states that prior to 1917, it had invested in road and equipment \$100,555.88 which had not been capitalized; and that it invested therein during 1917, \$141,078.35, during 1918, \$354,213.17, and during 1919, \$72,063.19, a total of \$667,910.59. A sworn itemized statement of these expenditures is on file in this proceeding. Applicant issued and sold at par \$100,000 of stock on December 3, 1917, and \$100,000 of stock on September 3, 1918. The uncapitalized balance of its expenditures on road and equipment is, therefore, in excess of \$467,000.

Applicant's funded debt consists of \$400,000 of first-mortgage 5 per cent bonds, the interest on which has been paid regularly. It has paid dividends amounting to \$53,600 in 1916, \$66,500 in 1917, \$79,000 in 1918, and \$84,000 in 1919. The amounts carried to surplus during this period were: 1916, \$110,700; 1917, \$172,137; 1918, \$44,225; 1919, \$56,513. The profit and loss surplus on December 31,

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1919, was \$229,654 and the total corporate surplus on that date was \$571,252.23. In that year \$6,273 was charged off to depreciation, and an additional item of approximately \$41,000 was charged off to adjust depreciation for preceding years.

The application was made under oath and signed and filed on behalf of applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of New Jersey, the only state in which the applicant operates. The Board of Public Utility Commissioners of New Jersey has approved the issue of said stock; and no objection to the granting of the application has been offered by any authority of that state.

We find that the proposed issue of \$160,000 of common stock by applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Raritan River Railroad Company be, and it is hereby, authorized to issue 1,600 shares of a face amount of \$100 a share of its common capital stock, and to sell or dispose of said stock at not less than par for the purpose of reimbursing its treasury, to the extent of \$160,000, for expenditures out of income for additions and betterments to road and equipment; the proceeds of said stock not to be used for the payment of dividends.

It is further ordered, That the applicant shall, within 60 days after the date of this order, and each six months thereafter until all of said stock shall have been issued and sold as herein authorized, report to this Commission in writing, verified by an executive officer of the applicant having knowledge of the facts, the amount of stock so issued and sold.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

FINANCE DOCKET No. 1202.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO PLEDGE BONDS AS SECURITY FOR SHORT-TERM NOTES.

Submitted January 22, 1921. Decided February 1, 1921.

Authority granted the Baltimore & Ohio Railroad Company to pledge from time to time, as security for short-term notes which may be issued without authorization, bonds which are nominally issued or authorized to be issued, namely, \$5,000,000 of its Toledo-Cincinnati division first-lien and refunding mortgage series-B 5 per cent bonds; \$2,000,000 of its refunding and general mortgage series-A 5 per cent bonds; and \$2,935,000 of its refunding and general mortgage series-B 6 per cent bonds.

H. R. Preston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to pledge, from time to time, as security for short-term notes which it may lawfully issue without authorization, the following bonds, which it has nominally issued or has been authorized to nominally issue, namely, \$5,000,000 of its Toledo-Cincinnati division first-lien and refunding mortgage series-B 5 per cent bonds, \$2,000,000 of its refunding and general mortgage series-A 5 per cent bonds, and \$2,935,000 of its refunding and general mortgage series-B 6 per cent bonds.

Applicant does not at present contemplate the issue of any specific short-term notes, but it seeks authority to pledge, from time to time the bonds above mentioned as security for such short-term notes as it may have occasion to issue, to meet its temporary requirements.

The \$5,000,000 of Toledo-Cincinnati division first-lien and refunding mortgage series-B 5 per cent bonds, above mentioned, were nominally issued prior to June 27, 1920, pursuant to orders of authorization entered respectively by the Public Service Commission of Maryland, on June 15, 1917, and the Public Utilities Commission of Ohio, on June 19, 1917, as shown by exhibits E and F filed with

the application in *Bonds of Baltimore & Ohio R. R.*, 65 I. C. C., 704. These bonds are now held unencumbered in applicant's treasury.

The \$2,000,000 of refunding and general mortgage series-A 5 per cent bonds above mentioned were nominally issued prior to June 27, 1920, and are now deposited as additional security to an issue of \$35,000,000 of 10-year 6 per cent secured gold bonds, under the terms of the trust indenture dated July 1, 1919, between applicant and the United States Mortgage & Trust Company, trustee, requiring the deposit of additional security to maintain the aggregate value of the deposited collateral. These bonds are subject to withdrawal from that pledge when no longer required for that purpose, and upon such withdrawal will be available to applicant for the purpose of repledge.

The nominal issue of the \$2,935,000 of refunding and general mortgage series-B 6 per cent bonds above mentioned has been heretofore authorized by us. Of this aggregate, \$191,000 are a part of a nominal issue of \$7,856,000 of bonds authorized by our order of December 29, 1920, in *Bonds of Baltimore & Ohio R. R. and Subsidiaries*, 65 I. C. C., 588; and \$2,744,000 were authorized by our order of January 21, 1921, in *Bonds of Baltimore & Ohio R. R.*, 65 I. C. C., 720.

When the regulation of the security issues of railroads was added to our powers and duties by section 20a of the interstate commerce act, the provisions of that section were, by paragraph 9 thereof, made inapplicable to notes to be issued by a carrier maturing not more than two years after the date thereof and aggregating (together with all other outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of the securities of the carrier then outstanding. The exemption of such short-term notes from the regulatory power was a recognition of the necessity of leaving to the carrier, to enable it to quickly and easily meet current financial exigencies, a certain leeway, a freedom of action within prescribed limits, in the negotiation of short-term loans. The exemption in paragraph 9, however, is confined to the issue of such short-term notes, and does not extend to securities which the carrier

- may desire to pledge as security for such notes.

It is obvious that freedom of action in the negotiation of short-time loans would be substantially curtailed if, before each issue of notes, it were necessary to obtain an order authorizing the pledge of bonds to be offered as security therefor. The necessity for such loans can not always be foreseen, and the opportunity to make them upon favorable terms might be lost during the delay incident to securing such authorization. Advance authorization of the pledge of bonds as security for such short-term notes is therefore in harmony with paragraph 9 of section 20a.

The application was made under oath, and signed and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed pledge or repledge, from time to time, by applicant of \$5,000,000 of Toledo-Cincinnati division first-lien and refunding mortgage series-B 5 per cent bonds, \$2,000,000 of refunding and general mortgage series-A 5 per cent bonds, and \$2,935,000 of refunding and general mortgage series-B 6 per cent bonds, as security for any note or notes hereafter issued by it, maturing not more than two years after the date thereof and aggregating (together with all other then outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of its securities then outstanding, (a) are for lawful objects within the corporate purposes of the applicant and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to pledge and to repledge, from time to time, all or any part of \$5,000,000 of its Toledo-Cincinnati division first-lien and refunding mortgage series-B 5 per cent bonds, \$2,000,000 of its refunding and general mortgage series-A 5 per cent bonds, and \$2,935,000 of its refunding and general mortgage series-B 6 per cent bonds, nominally issued or authorized to be issued, and specified in our said report, as collateral security for any note or notes hereafter issued by it maturing not more than two years after the date thereof, and aggregating (together with all other then outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of its securities then outstanding; provided however, that not exceeding \$133.33 $\frac{1}{4}$ of any of said bonds shall be pledged or repledged for each \$100 face amount of such notes.

It is further ordered, That the bonds herein authorized to be pledged and repledged shall not, unless and until otherwise authorized by this Commission, be used or disposed of except as authorized in this order.

It is further ordered, That the Baltimore & Ohio Railroad Company shall make report to this Commission within 10 days thereafter of any pledge, release from pledge, or repledge, of any of said bonds.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said bonds, or interest thereon.

SUPPLEMENTAL ORDER.

(February 14, 1921.)

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the ratio in which the Baltimore & Ohio Railroad Company was authorized by our order of February 1, 1921, to pledge and repledge certain bonds as collateral security for any short-term note or notes which it may hereafter issue, be, and it is hereby, modified as follows, that is to say, in the ratio of not exceeding \$150 of its Toledo-Cincinnati division first-lien and refunding mortgage 5 per cent bonds, series B; or \$150 of its refunding and general mortgage 5 per cent bonds, series A; or \$125 of its refunding and general mortgage 6 per cent bonds, series B, for each \$100, face amount, of any notes so issued, maturing not more than two years after the date thereof, and aggregating, together with all other then outstanding notes of a maturity of two years or less, not more than 5 per cent of the par value of its securities then outstanding; and—

It is further ordered, That, except as herein modified said order of February 1, 1921, shall remain in full force and effect until otherwise ordered.

FINANCE DOCKET No. 64.

IN THE MATTER OF THE APPLICATION OF THE
WISCONSIN & NORTHERN RAILROAD COMPANY FOR
AUTHORITY TO ISSUE NOTES.

Submitted January 12, 1921. Decided February 2, 1921.

Authority granted:

1. To issue under date of May 15, 1920, six months' 8 per cent notes in aggregate amount of \$130,000, and to renew notes so authorized for three successive periods of six months each, with a maximum duration of two years' time from date thereof.
2. To issue under date of November 15, 1920, six months' 8 per cent notes in aggregate amount of \$120,000, and to renew notes so authorized for two successive periods of six months each, with a maximum duration of 18 months from date thereof.
3. To renew six months' 8 per cent notes, dated May 15, 1920, issued prior to June 28, 1920, in the aggregate amount of \$200,000, for three successive periods of six months each, with a maximum duration of two years' time from date thereof.
4. To issue two 8 per cent promissory notes, each for \$25,000, dated July 19, 1920, and July 21, 1920, respectively, and to mature November 15, 1920; and to renew notes so authorized for three successive periods of six months each, with a maximum duration of 18 months' time from November 15, 1920.

Conditions and terms prescribed.

M. J. Wallrich for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wisconsin & Northern Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks, under section 20a of the interstate commerce act:

1. Our ratification and approval of the issue of \$50,000 of six months' 8 per cent notes, dated May 15, 1920, but issued subsequent to June 28, 1920, without our authority.
2. Authority to issue at par six months' 8 per cent notes, under date of May 15, 1920, in the aggregate amount of \$130,000, which notes are to be given to stockholders for moneys advanced for which receipts were given, amounts and dates as follows:

Advanced on August 20, 1920.....	\$25,000
Advanced on September 24, 1920.....	20,000
Advanced on September 27, 1920.....	25,000
Advanced on September 30, 1920.....	10,000
Advanced on November 3, 1920.....	25,000
Advanced on November 4, 1920.....	25,000

These notes are to be issued to the stockholders who advanced the money, the receipts are to be taken up, and the interest on the notes is to run from the date the money was advanced. Authority is also sought to renew these notes for three successive periods of six months each with a maximum duration of two years' time from date thereof.

3. Authority to issue six months' 8 per cent notes, under date of November 15, 1920, in the aggregate amount of \$120,000. Of these notes \$80,000 are to be given to stockholders for moneys advanced for which receipts were given, amounts and dates as follows:

Advanced on November 20, 1920.....	\$57,500
Advanced on November 26, 1920.....	12,500
Advanced on December 10, 1920.....	10,000

These notes are to be issued at par to the stockholders who advanced the money, the receipts are to be taken up, and interest is to run from the date the money was advanced. The remaining notes for \$40,000 are to be sold for par and accrued interest. Authority is also sought to renew these notes, for the aggregate amount of \$120,000, for two successive periods of six months each with a maximum duration of 18 months from date thereof.

4. Authority to renew six months' 8 per cent notes, dated May 15, 1920, in the aggregate amount of \$200,000, which notes were issued prior to June 28, 1920, for three successive periods of six months each with a maximum duration of two years' time from date thereof.

The aggregate amount of six months' 8 per cent notes authorized by the applicant's board of directors is \$500,000.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers duly designated for that purpose.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Wisconsin, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Railroad Commission of Wisconsin or other authority of said state.

It appears that the proposed notes, together with all other outstanding notes of the applicant of a maturity of two years or less, aggregate more than 5 per cent of the par value of the securities of the applicant at the date of this application.

We are without authority to ratify and approve the issue of \$50,000 of six months' 8 per cent notes, dated May 15, 1920, and issued subsequent to June 28, 1920, but the applicant will be authorized to issue and renew, upon the surrender and cancellation of the aforesaid notes, two promissory six months' notes, each for \$25,000, under date of July 19, 1920, and July 21, 1920, respectively, bearing interest at the rate of 8 per cent.

The schedules filed with the application indicate that the notes for which authority is sought in part represent additions and improvements to the property, and in part funds borrowed to meet interest charges or expenses of operation. Debt of the latter kind must eventually be paid from income. Authority to issue these temporary promissory notes is therefore given with the understanding that not all of these notes are subject to permanent capitalization.

We find that the issue and renewal of notes as aforesaid (a) are for lawful objects within applicant's corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Wisconsin & Northern Railroad Company be, and it is hereby, authorized (1) to issue at par and to renew for three successive periods of six months each with a maximum duration of two years' time from date thereof \$130,000 of six-months' 8 per cent notes, said notes to be dated May 15, 1920, and to be given to stockholders holding receipts for moneys advanced in amounts and on dates as follows, the receipts to be taken up at time of exchange:

Advanced on August 20, 1920.....	\$25,000
Advanced on September 24, 1920.....	20,000
Advanced on September 27, 1920.....	25,000
Advanced on September 30, 1920.....	10,000
Advanced on November 3, 1920.....	25,000
Advanced on November 4, 1920.....	25,000

interest to be paid on said notes from the date the money, for which said notes are given, was received by the applicant from the stock-

holder or stockholders advancing the money; (2) to issue at par and to renew for two successive periods of six months each with a maximum duration of 18 months' time from the date thereof \$120,000 of six-months' 8 per cent notes, said notes to be dated November 15, 1920; \$80,000, aggregate amount, of said notes to be given to the stockholders holding receipts for moneys advanced in amounts and on dates as follows, the receipts to be taken up at time of exchange:

Advanced on November 20, 1920.....	\$57,500
Advanced on November 28, 1920.....	12,500
Advanced on December 10, 1920.....	10,000

interest to be paid on said notes from the date the money, for which said notes are given, was received by the applicant from the stockholder or stockholders advancing money; \$40,000 of said notes to be issued for par and accrued interest to purchasers; and (3) to renew \$200,000 of six-months' 8 per cent notes, dated May 15, 1920, and issued prior to June 28, 1920, for three successive periods of six months each with a maximum duration of two years' time from the date thereof.

It is further ordered, That the Wisconsin & Northern Railroad Company be, and it is hereby, authorized to issue and to renew for three successive periods of six months each with a maximum duration of 18 months' time from November 15, 1920, two promissory notes, each of the principal amount of \$25,000, under date of July 19, 1920, and July 21, 1920, respectively, said notes to bear interest at the rate of 8 per cent per annum, to mature November 15, 1920, and to be issued only upon the surrender and cancellation of two similar notes issued by said applicant without our authority.

It is further ordered, That said notes be issued in denominations of \$1,000 and \$5,000 each, substantially in the forms indicated by the forms submitted with the application, and that the proceeds be used, or must have been used where already received, for the purposes of paying off existing indebtedness of applicant, for procurement of additional equipment, for additions, betterments, and replacements, and for the construction of an extension of applicant's line of railroad from Appleton Junction, Wis., to West Neenah, Wis., as set forth in the application.

It is further ordered, That the applicant shall report to this Commission, such report to be signed and verified by one of its executive officers, all pertinent facts relating to the issue, disposition, and the renewal of notes herein authorized to be issued and renewed, and the application of the proceeds thereof, the first report to be made 30 days from the date of this order and subsequent reports every 60 days

thereafter, until all the proceeds shall have been used, or until all of said notes shall have been paid or otherwise satisfied; said report or reports shall also show what amounts were used for purposes chargeable to operation and what amounts for capital expenditures, which amounts shall be charged to appropriate accounts.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1034.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIAN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 2, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amendment to Certificate No. 31 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 31, of October 8, 1920, by changing the date "November 1, 1920," in the last line but one in subparagraph (a) of paragraph 5 thereof, to "May 1, 1921," so that the whole of the last line but one in subparagraph (a) of paragraph 5 of said certificate No. 31 will read as follows: "having coupons due May 1, 1921, and subsequent."

The Interstate Commerce Commission further amends its certificate No. 31, of October 8, 1920, by adding the following subparagraph (x) to paragraph 5 thereof:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 31.

Done at Washington, D. C., this 2d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1121.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR AUTHORITY TO ISSUE COMMON CAPITAL STOCK.

Submitted December 1, 1920. Decided February 2, 1921.

Authority granted to issue not to exceed \$9,634,000 of common capital stock, to be used for the conversion of applicant's 5 per cent 20-year convertible gold bonds.

Walter C. Noyes for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Delaware & Hudson Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue from time to time not exceeding \$9,634,000 of its common capital stock, or so much thereof as may be necessary, as and when there shall be presented to it for conversion any of its 5 per cent 20-year convertible gold bonds, not exceeding \$14,451,000, aggregate amount, which were issued by the applicant on or about October 1, 1915, and mature October 1, 1935, and the holders of which by their terms have the option to convert them at any time after October 1, 1917, and on or before October 1, 1927, into paid-up shares of the common capital stock of the applicant of the face amount of \$100, at the rate of \$1,500 of bonds for 10 shares of said stock (with an adjustment of accrued interest and current dividend).

The process of conversion and the details thereof are set forth in a trust deed from the applicant to the Equitable Trust Company of New York, as trustee, dated October 1, 1915, a copy of which is on file in this proceeding, and under which these convertible gold bonds were issued. Applicant states that 150 was adopted as the rate of conversion because at the time the bonds were issued the market price of its stock was slightly in excess of \$150 a share. Applicant further states that the market value of its stock has been less than \$150 per share for a considerable time, and it is questionable when and to what extent, if any, such market value will increase sufficiently to induce the conversion of the bonds at the rate stipulated. This application is made to place applicant in a position to

meet its conversion agreement, in case it should be called upon to comply with its terms.

Provision is also made in the agreement for the issue of convertible bond scrip, for the purpose of taking care of fractional amounts which may result from the accounting adjustments provided for, which is convertible into common capital stock or may be exchanged for bonds in aggregate amounts of scrip equal to a bond, or converted in aggregate amounts sufficient to meet the terms of conversion.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of each of the states in which the applicant operates. The Public Service Commission, Second District, State of New York, in its order dated September 30, 1915, case 5185, authorized applicant to issue said amount of its common capital stock. No objections to the granting of the application have been offered by any state authority.

We find that the issue by applicant of its common capital stock, not to exceed \$9,634,000, at such times and in such amounts as may be required to comply with its obligation to convert its 5 per cent 20-year convertible gold bonds into said common capital stock, (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Delaware & Hudson Company be, and it is hereby, authorized to issue from time to time, but not subsequent to October 1, 1927, shares of its common capital stock not to exceed \$9,634,000.

It is further ordered, That the common capital stock of which the issue is hereby authorized shall be used by the Delaware & Hudson Company for the sole purpose of and only for complying with the

terms of a certain deed of trust, executed by it October 1, 1915, to the Equitable Trust Company of New York, trustee, a copy of which is on file in this proceeding, so far as the terms of said trust deed provide for converting into common stock and canceling its 5 per cent 20-year convertible gold bonds maturing October 1, 1935, in the aggregate amount of \$14,451,000, and that pursuant to the terms of said trust deed, said conversion shall be at the rate of 10 shares of common capital stock of the face amount of \$100 a share for \$1,500, of said bonds (with adjustment of accrued interest and current dividend), as in said trust deed provided; and that said bonds, when converted, shall be canceled.

It is further ordered, That if and when the adjustment of accrued interest and current dividend results in an amount which is not divisible by 1,500 without a remainder, fractional convertible bond scrip may be issued for such remainder, and that such fractional scrip in aggregate amounts of \$1,500 or more, may be treated as the equivalent of bonds of \$1,500 and fractional scrip issued for any remainder over such amount, when converted into said stock.

It is further ordered, That the said capital stock shall not be sold, pledged, repledged, used, or disposed of in any manner except as herein authorized, until and unless otherwise ordered by this Commission.

It is further ordered, That the applicant shall for the period ending June 30, 1921, and for each six months' period thereafter ending December 31 and June 30 in each year, report to this Commission within 30 days after the close of such period, all pertinent facts relating to the issue of said common capital stock or said convertible bond scrip and the surrender and cancellation of said convertible gold bonds or said convertible bond scrip, each of said reports to be signed by an executive officer having knowledge of the facts, and verified by his oath, said reports to be made periodically as herein required until all of said capital stock shall have been issued or until October 1, 1927, inclusive, unless said bonds shall have been at an earlier date paid and satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common capital stock, or dividends thereon, or said bond scrip, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 3.

IN THE MATTER OF THE APPLICATION OF THE KANSAS CITY, MEXICO & ORIENT RAILROAD COMPANY, ITS RECEIVER, AND THE KANSAS CITY, MEXICO & ORIENT RAILWAY COMPANY OF TEXAS, FOR A LOAN.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 33.

The Interstate Commerce Commission hereby supplements its certificate No. 33, of October 11, 1920, for a loan of \$2,500,000 by the United States to William T. Kemper, receiver of the Kansas City, Mexico & Orient Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 33:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (b) and (c) of paragraph 5 of certificate No. 33.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 924.

IN THE MATTER OF THE APPLICATION OF THE ATLANTA, BIRMINGHAM & ATLANTIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND PROVIDING EQUIPMENT.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 11.

The Interstate Commerce Commission hereby supplements its certificate No. 11, of July 19, 1920, for a loan of \$200,000 by the United States to the Atlanta, Birmingham & Atlantic Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 6 of said certificate No. 11:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (c) and (d) of paragraph 6 of said certificate No. 11.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 925.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 27.

The Interstate Commerce Commission hereby supplements its certificate No. 27, of October 1, 1920, for a loan of \$3,000,000 by the United States to the Baltimore & Ohio Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 27:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said certificate No. 27.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 931.

IN THE MATTER OF THE APPLICATION OF THE
CAROLINA, CLINCHFIELD & OHIO RAILWAY FOR A
LOAN FROM THE UNITED STATES TO MEET MATUR-
ING OBLIGATIONS AND TO PROVIDE EQUIPMENT
AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 4.

The Interstate Commerce Commission hereby supplements its certificate No. 4, of June 26, 1920, for a loan of \$2,000,000 by the United States to the Carolina, Clinchfield & Ohio Railway, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (2a) to paragraph (e) of said amended certificate No. 4:

(2a) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (2a) shall be inserted between subparagraphs (2) and (3) of paragraph (e) of certificate No. 4.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 931.

IN THE MATTER OF THE APPLICATION OF THE CAROLINA, CLINCHFIELD & OHIO RAILWAY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING OBLIGATIONS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 28.

The Interstate Commerce Commission hereby supplements its certificate No. 28, of October 6, 1920, for a loan of \$1,000,000 by the United States to the Carolina, Clinchfield & Ohio Railway, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 28:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said certificate No. 28.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 933.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL NEW ENGLAND RAILWAY COMPANY, FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 35.

The Interstate Commerce Commission hereby supplements its certificate No. 35, of October 19, 1920, for a loan of \$300,000 by the United States to the Central New England Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 35:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said certificate No. 35.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 935.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 50.

The Interstate Commerce Commission hereby supplements its certificate No. 50, of December 14, 1920, for a loan of \$3,759,000 by the United States to the Chesapeake & Ohio Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 50:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 50.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 939.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 18.

The Interstate Commerce Commission hereby further supplements its certificate No. 18, of August 14, 1920, for a loan of \$8,000,000 by the United States to the Chicago & Western Indiana Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph to paragraph 5 of said certificate No. 18:

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph shall be inserted as the third subparagraph of paragraph 5 of certificate No. 18.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 46.

The Interstate Commerce Commission hereby supplements its certificate No. 46, of November 30, 1920, for a loan of \$240,000 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of certificate No. 46:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 46.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Second Amended Certificate No. 17.

The Interstate Commerce Commission hereby supplements its second amended certificate No. 17, of October 7, 1920, for a loan of \$276,000 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said second amended certificate No. 17:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said second amended certificate No. 17.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 52.

The Interstate Commerce Commission hereby supplements its amended certificate No. 52, of December 21, 1920, for a loan of the amount of \$1,929,373 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following paragraph to said amended certificate No. 52:

The Interstate Commerce Commission further amends its said certificate No. 52 by substituting the following paragraph for subparagraph (b) of paragraph 5 of said certificate No. 52.

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said paragraph shall be inserted as the concluding paragraph of said amended certificate No. 52.

Done at Washington, D. C., this 3d day of February, 1921.

FINANCE DOCKET No. 942.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, INDIANAPOLIS & LOUISVILLE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 36.

The Interstate Commerce Commission hereby supplements its certificate No. 36, of October 19, 1920, for a loan of \$200,000 by the United States to the Chicago, Indianapolis & Louisville Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 36:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 36.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 944.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 51.

The Interstate Commerce Commission hereby supplements its certificate No. 51, of December 15, 1920, for a loan of \$25,340,000 by the United States to the Chicago, Milwaukee & St. Paul Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by substituting the following paragraph for subparagraph (b) of paragraph 5 of said certificate No. 51:

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE
CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COM-
PANY FOR A LOAN FROM THE UNITED STATES TO
AID IN PROVIDING EQUIPMENT AND OTHER ADDI-
TIONS AND BETTERMENTS AND IN MEETING MATUR-
ING INDEBTEDNESS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER,

Supplement to Amended Certificate No. 23.

The Interstate Commerce Commission hereby supplements its amended certificate No. 23, of September 30, 1920, for a loan of \$2,000,000 by the United States to the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 23:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of amended certificate No. 23.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE
CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COM-
PANY FOR A LOAN FROM THE UNITED STATES TO
AID IN PROVIDING EQUIPMENT AND OTHER ADDI-
TIONS AND BETTERMENTS AND IN MEETING MATUR-
ING INDEBTEDNESS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 42.

The Interstate Commerce Commission hereby supplements its amended certificate No. 42, of November 30, 1920, for a loan of \$7,862,000 by the United States to the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following paragraphs to said amended certificate No. 42:

The Interstate Commerce Commission hereby further amends its certificate No. 42, of November 9, 1920, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 42:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraphs 5 of certificate No. 42.

Said paragraph shall be inserted as the concluding paragraph of amended certificate No. 42.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 950.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR A LOAN TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 16.

The Interstate Commerce Commission hereby supplements its second amended certificate No. 16, of November 2, 1920, for a loan of \$1,125,000 by the United States to the Delaware & Hudson Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following paragraph to said second amended certificate No. 16:

The Interstate Commerce Commission hereby further amends its amended certificate No. 16 by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 16:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said amended certificate No. 16.

Said paragraph shall be inserted as the concluding paragraph of said second amended certificate No. 16.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 954.

IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 19.

The Interstate Commerce Commission hereby supplements its amended certificate No. 19, of August 25, 1920, for a loan of \$8,000,000 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (c) to paragraph 5 of said amended certificate No. 19:

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (c) shall be inserted immediately following subparagraph (b) of paragraph 5 of amended certificate No. 19.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 954.

IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND TO MEET MATURITIES.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 37.

The Interstate Commerce Commission hereby supplements its certificate No. 37, of October 22, 1920, for a loan of \$1,840,700, by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 4 of said certificate No. 37:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 4 of certificate No. 37.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 965.

IN THE MATTER OF THE APPLICATION OF THE GREAT NORTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Second Amended Certificate No. 13.

The Interstate Commerce Commission hereby supplements its second amended certificate No. 13, of October 6, 1920, for a loan of \$17,910,000 by the United States to the Great Northern Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following paragraph 3 to second amended certificate No. 13:

3. That the said amended certificate No. 13, of August 27, 1920, is hereby further amended by adding the following paragraph between the second and third paragraphs on page 3 thereof:

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said paragraph 3 shall be inserted as the concluding paragraph of said second amended certificate No. 13.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 966.

IN THE MATTER OF THE APPLICATION OF THE GULF,
MOBILE AND NORTHERN RAILROAD COMPANY FOR A
LOAN FROM THE UNITED STATES TO AID IN PRO-
VIDING EQUIPMENT AND OTHER ADDITIONS AND
BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 44.

The Interstate Commerce Commission hereby supplements its certificate No. 44 of November 15, 1920, for a loan of \$515,000 by the United States to the Gulf, Mobile & Northern Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of certificate No. 44:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 44.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 970.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE IN PART FOR PURCHASE OF NEW EQUIPMENT.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 6.

The Interstate Commerce Commission hereby supplements its amended certificate No. 6, of October 8, 1920, for a loan of \$4,440,000 by the United States to the Illinois Central Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 6:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in fault, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of amended certificate No. 6.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 985.

IN THE MATTER OF THE APPLICATION OF THE MAINE
CENTRAL RAILROAD COMPANY FOR A LOAN TO PRO-
VIDE EQUIPMENT AND OTHER ADDITIONS AND
BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 29.

The Interstate Commerce Commission hereby supplements its certificate No. 29, of October 9, 1920, for a loan of \$653,000 by the United States to the Maine Central Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 29:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 29.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 985.

IN THE MATTER OF THE SUPPLEMENTAL APPLICATION OF THE MAINE CENTRAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 30.

The Interstate Commerce Commission hereby supplements its certificate No. 30, of October 9, 1920, for a loan of \$1,000,000 by the United States to the Maine Central Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 30:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said certificate No. 30.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 994.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS,

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 32.

The Interstate Commerce Commission hereby supplements its certificate No. 32, of October 11, 1920, for a loan of \$8,871,760 by the United States to the Missouri Pacific Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 32:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (c) and (d) of paragraph 5 of certificate No. 32.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 999.

IN THE MATTER OF THE APPLICATION OF THE NEW
YORK CENTRAL RAILROAD COMPANY FOR A LOAN
FROM THE UNITED STATES TO AID IN ACQUIRING
EQUIPMENT AND ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 53.

The Interstate Commerce Commission hereby supplements its certificate No. 53, of December 22, 1920, for a loan of \$26,775,000 by the United States to the New York Central Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by substituting the following subparagraph for subparagraph (e) of paragraph 5 of said certificate No. 53:

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1000.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 49.

The Interstate Commerce Commission hereby supplements its certificate No. 49, of December 15, 1920, for a loan of \$9,630,000 by the United States to the New York, New Haven & Hartford Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by substituting the following subparagraph for subparagraph (c) of paragraph 5 of said certificate No. 49:

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1004.

IN THE MATTER OF THE APPLICATION OF THE NORTHERN PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 39.

The Interstate Commerce Commission hereby supplements its certificate No. 39, of October 27, 1920, for a loan of \$6,000,000 by the United States to the Northern Pacific Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 39:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 39.

Done at Washington, D. C., this 3d day of February, 1921.

FINANCE DOCKET No. 1008.

IN THE MATTER OF THE APPLICATION OF THE PENNSYLVANIA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 38.

The Interstate Commerce Commission hereby supplements its certificate No. 38, of October 22, 1920, for a loan of \$6,780,000 by the United States to the Pennsylvania Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 38:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 38.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1015.

IN THE MATTER OF THE APPLICATION OF THE RUTLAND RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 40.

The Interstate Commerce Commission hereby supplements its certificate No. 40, of November 4, 1920, for a loan of \$61,000 by the United States to the Rutland Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 40:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 40.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1016.

IN THE MATTER OF THE APPLICATION OF THE SALT LAKE & UTAH RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS, AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 2.

The Interstate Commerce Commission hereby supplements its certificate No. 2, of May 24, 1920, for a loan of \$64,600 by the United States to the Salt Lake & Utah Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 2 of said certificate No. 2:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (c) and (d) of paragraph 2 of certificate No. 2.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1016.

IN THE MATTER OF THE APPLICATION OF THE SALT LAKE & UTAH RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 9.

The Interstate Commerce Commission hereby supplements its certificate No. 9, of July 14, 1920, for a loan of \$235,400 by the United States to the Salt Lake & Utah Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following paragraph (x) to said certificate No. 9:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said paragraph (x) shall be inserted between paragraphs (e) and (f) of said certificate No. 9.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 21.

The Interstate Commerce Commission hereby supplements its amended certificate No. 21, of September 15, 1920, for a loan of \$6,073,400 by the United States to the Seaboard Air Line Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 21:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of amended certificate No. 21.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1018.

IN THE MATTER OF THE APPLICATION OF THE SHEARWOOD RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 41.

The Interstate Commerce Commission hereby supplements its certificate No. 41, of November 9, 1920, for a loan of \$29,000 by the United States to the Shearwood Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 41:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said certificate No. 41.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1023.

IN THE MATTER OF THE APPLICATION OF THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 20.

The Interstate Commerce Commission hereby supplements its amended certificate No. 20, of September 22, 1920, for a loan of \$896,925 by the United States to the Terminal Railroad Association of St. Louis, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 20:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (b) and (c) of paragraph 5 of said amended certificate No. 20.

Done at Washington, D. C., this 3d day of February, 1920.

67 I. C. C.

FINANCE DOCKET No. 1028.

IN THE MATTER OF THE APPLICATION OF THE TRANS-MISSISSIPPI TERMINAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Certificate No. 47.

The Interstate Commerce Commission hereby supplements its certificate No. 47, of December 4, 1920, for a loan of \$1,000,000 by the United States to the Trans-Mississippi Terminal Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said certificate No. 47:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of certificate No. 47.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1036.

IN THE MATTER OF THE APPLICATION OF THE
WESTERN MARYLAND RAILWAY COMPANY FOR A
LOAN FROM THE UNITED STATES TO AID IN MEET-
ING MATURING INDEBTEDNESS AND IN PROVIDING
EQUIPMENT AND OTHER ADDITIONS AND BETTER-
MENTS.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 14.

The Interstate Commerce Commission hereby supplements its amended certificate No. 14, of August 5, 1920, for a loan of \$300,000 by the United States to the Western Maryland Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph to paragraph 5 of said amended certificate No. 14:

So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph shall be inserted as a subparagraph to paragraph 5 of amended certificate No. 14.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1038.

IN THE MATTER OF THE APPLICATION OF THE WHEELING & LAKE ERIE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND FOR OTHER PURPOSES.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 24.

The Interstate Commerce Commission hereby supplements its amended certificate No. 24, of October 12, 1920, for a loan of \$1,460,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 24:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (c) and (d) of paragraph 5 of said amended certificate No. 24.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1038.

IN THE MATTER OF THE APPLICATION OF THE
WHEELING & LAKE ERIE RAILWAY COMPANY FOR A
LOAN FROM THE UNITED STATES TO MEET MATUR-
ING INDEBTEDNESS AND FOR OTHER PURPOSES.

Approved February 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplement to Amended Certificate No. 25.

The Interstate Commerce Commission hereby supplements its amended certificate No. 25, of October 12, 1920, for a loan of the sum of \$1,000,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding the following subparagraph (x) to paragraph 5 of said amended certificate No. 25:

(x) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

Said subparagraph (x) shall be inserted between subparagraphs (a) and (b) of paragraph 5 of said amended certificate No. 25.

Done at Washington, D. C., this 3d day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1146.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & EASTERN ILLINOIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE SECURITIES, TO ASSUME OBLIGATIONS, AND TO PLEDGE BONDS AS SECURITY FOR LOANS FROM THE UNITED STATES.

Submitted January 20, 1921. Decided February 3, 1921.

Authority granted:

1. To issue \$4,285,000 of prior-lien or first-mortgage bonds; \$32,156,000 of general or second mortgage bonds; \$24,030,150, par value, of preferred stock; and \$25,500,000, par value, of common stock.
2. To assume liability for the payment of the principal and interest of \$91,000 of the Chicago & Eastern Illinois Railroad Company's first-mortgage extension bonds; \$2,736,000 of the Chicago & Eastern Illinois Railroad Company's first consolidated mortgage bonds; \$142,000 of the Evansville Belt Railway Company's first-mortgage bonds; \$1,640,000 of series-H equipment obligations issued by the Chicago & Eastern Illinois Railroad Company; and \$741,000 of United States equipment notes issued by the receiver of the Chicago & Eastern Illinois Railroad Company to the Director General of Railroads, United States Railroad Administration.
3. In the event that a loan of \$785,000 be made to applicant under section 210 of the transportation act, 1920, as amended, and in the event that the Director General of Railroads shall lend \$3,500,000 to William J. Jackson, receiver of the Chicago & Eastern Illinois Railroad, to issue and pledge as security for such loans such additional prior-lien or first-mortgage bonds not exceeding in the aggregate, \$1,071,000.

W. H. Lyford for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago & Eastern Illinois Railway Company, a corporation organized for the purpose of engaging in transportation by railroad, subject to the interstate commerce act, seeks authority under section 20a of the interstate commerce act:

(a) To issue (1) \$4,285,000 of prior-lien or first-mortgage bonds, \$3,500,000 of these bonds to be pledged with the Director General of Railroads as security for a loan of the same amount which it is con-

templated he will make to William J. Jackson, receiver of the Chicago & Eastern Illinois Railroad, and the remaining \$785,000 to be pledged with the Secretary of the Treasury as security for a loan of like amount for which application has been made under section 210 of the transportation act, 1920, as amended: (2) \$32,156,000 of general or second mortgage bonds; (3) \$24,030,150 of preferred stock; and (4) \$25,500,000 of common stock;

(b) To assume an aggregate of \$5,350,000 of underlying bonds and equipment obligations described as follows: (1) \$91,000 of first-mortgage extension bonds of Chicago & Eastern Illinois Railroad Company, hereinafter called the railroad company; (2) \$2,736,000 of the railroad company's first consolidated mortgage bonds; (3) \$142,000 of the Evansville Belt Railway Company's first-mortgage bonds; (4) \$1,640,000 of series-H equipment obligations issued by the railroad company; and (5) \$741,000 of United States equipment notes issued by the railroad company's receiver to the Director General of Railroads, United States Railroad Administration; and—

(c) In the event that the aforesaid loans of \$3,500,000 and \$785,000 shall be made, to issue and pledge with the Director General of Railroads and with the Secretary of the Treasury, respectively, as further security for said loans, additional prior-lien or first-mortgage bonds to such amounts as will furnish margin or additional security for each of said loans in the same ratio to the face amount of each such loan as the ratio of margin or additional security which we shall require to be pledged with the Secretary of the Treasury for said loan of \$785,000.

On May 27, 1913, receivers were appointed for the properties of the railroad company, which receivership has continued since that time.

A decree was entered under date of May 22, 1917, by United States district judge George A. Carpenter in consolidated cause in equity No. 57, district court of the United States, northern district of Illinois, eastern division, ordering, adjudging, and decreeing the sale of said properties. A copy of the decree is filed in this proceeding.

Committees representing 90 per cent of the railroad company's general consolidated and first mortgage bonds, 80 per cent of its refunding and improvement mortgage bonds, 89 per cent of the Evansville & Terre Haute Railroad Company's first general mortgage bonds, 62 per cent of the latter company's refunding-mortgage bonds and substantially all of the railroad company's stock, which securities have been deposited with said committees under various agreements as shown by the application, have determined upon a reorganization program, more fully described in schedule I accompanying

the application, and have agreed with substantially all of the creditors as to the proposed plan.

Applicant has been recently organized to purchase certain of said properties which are to be sold under the decree of foreclosure, and applicant desires authority to issue its securities and assume underlying bonds and equipment obligations, as aforesaid, pursuant to, and in accordance with, the reorganization program, such issue and assumption being necessary to enable applicant to acquire those properties.

The following statement of the railroad company's outstanding stock and indebtedness, and that proposed by applicant, shows a reduction in liabilities under the reorganization program, as follows:

	Railroad company.	Applicant.
Capital stock.....	\$19, 377, 268. 88	\$49, 530, 150. 00
Bonds.....	60, 408, 000. 00	39, 410, 000. 00
Interest on bonds accrued and unpaid.....	18, 550, 681. 03	-----
Receiver's certificates.....	6, 000, 000. 00	-----
Equipment obligations.....	2, 381, 000. 00	2, 381, 000. 00
Guaranty of bonds, Evansville & Indianapolis Railroad.....	3, 550, 000. 00	-----
Loans and bills payable, and interest thereon.....	5, 338, 093. 68	-----
Net reduction.....	-----	24, 283, 893. 59
Total.....	115, 605, 043. 59	115, 605, 043. 59

Under the reorganization plan, \$6,000,000 of receiver's certificates and \$3,000,000 of Evansville & Terre Haute Railroad Company's first consolidated mortgage bonds maturing July 1, 1921, are to be paid and satisfied and, therefore, together with \$12,293,000 of mortgaged indebtedness on certain properties not to be taken over by applicant, and interest thereon accrued and unpaid, will not appear in applicant's liabilities at completion of reorganization. Applicant's interest charges will be:

Underlying bonds and equipment obligations.....	\$304, 728
Prior-lien or first-mortgage bonds.....	257, 100
General-mortgage bonds.....	1, 607, 800
Total.....	2, 169, 628

compared with corresponding charges as of December 31, 1920, of \$4,288,581. Comparison between these amounts is subject to the qualification that applicant will not acquire all the properties formerly held by the railroad company, and certain obligations are to be eliminated from its liabilities by payment and cancellation thereof.

Under the plan of reorganization, the total capitalization will be \$91,321,150. The valuation of the property which will be taken over by applicant has not yet been completed, so that it is not practicable to compare this capitalization with underlying value. It is clear,

however, that the proposed new capitalization will be relatively lower, even when allowance is made for the properties which are not to be taken over, than the outstanding capitalization of the old company, and that the fixed charges will very materially be reduced, with a consequent improvement in credit. The evidence also indicates that the new capitalization will not be disproportionate to the earning power of applicant. Under these circumstances, in view of the manifest desirability of ending the long period of receivership, we think that approval ought not to be withheld because of lack of complete information as to the value of the property to be taken over by applicant.

Holders of small blocks of bonds have protested against the plan of exchanging bonds for stock. This is a matter properly to be brought before the court having jurisdiction in the premises, which has expressly reserved the determination of the equities in the receivership proceeding.

It is represented to us by the applicant, that with the issuance of the securities contemplated, the applicant will be amply financed, and thus will be in position fully and efficiently to perform its duties as a common carrier.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant proposes to operate. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of prior-lien or first-mortgage bonds, general or second mortgage bonds, preferred stock, and common stock; the proposed assumption of obligation or liability in respect to said underlying bonds and equipment obligations; and, if said loans shall be authorized, the proposed issue and pledge of not more than \$1,071,000 of additional prior-lien or first-mortgage bonds by the applicant (a) are for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for, and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing upon, and investigation of the matters and things involved in, this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & Eastern Illinois Railway Company be, and it is hereby, authorized to issue on or before, but not later than, June 30, 1921:

1. \$4,285,000 of prior-lien or first-mortgage bonds, to be dated as of the date of issue, to mature not later than 50 years from the date of issue, and to bear interest at a rate not exceeding 6 per cent per annum, said bonds to be issued under and pursuant to, and secured by, a mortgage to be executed by applicant; \$3,500,000 to be issued only in the event that the Director General of Railroads shall make a loan of \$3,500,000 to William J. Jackson, receiver of the Chicago & Eastern Illinois Railroad, and to be pledged with the Director General of Railroads as security for a note or notes evidencing such loan; and \$785,000 to be issued only in the event that a loan of \$785,000, for which application has been made under section 210 of the transportation act, 1920, as amended, shall be granted, and to be pledged with the Secretary of the Treasury as security for a note or notes evidencing such loan;

2. \$32,156,000 of general or second mortgage bonds, to be dated as of the date of issue, to mature not later than 30 years from date of issue, and to bear interest at a rate of 5 per cent per annum, said bonds to be issued under and pursuant to, and secured by, a mortgage to be executed by applicant;

3. \$24,030,150, par value, of noncumulative 6 per cent preferred stock; and

4. Not to exceed in the aggregate par value \$25,500,000 of common stock;

and to assume obligations or liabilities in respect to certain underlying bonds and equipment obligations, by agreeing to pay, when and as the same shall become due and payable, the principal and interest of such securities, to wit:

1. \$91,000 of Chicago & Eastern Illinois Railroad Company's first mortgage extension bonds, dated December 1, 1881, maturing December 1, 1931, and bearing interest at the rate of 6 per cent per annum;

2. \$2,736,000 of Chicago & Eastern Illinois Railroad Company's first consolidated mortgage bonds, dated June 2, 1884, maturing October 1, 1934, and bearing interest at the rate of 6 per cent per annum;

3. \$142,000 of Evansville Belt Railway Company's first-mortgage bonds, dated November 1, 1910, maturing November 1, 1940, and bearing interest at the rate of 5 per cent per annum;

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4. \$1,640,000 of Chicago & Eastern Illinois Railroad Company's series-H equipment obligations, maturing semiannually in sums of \$331,000 yearly, last maturity September 1, 1925, bearing interest at the rate of $5\frac{1}{2}$ per cent per annum; and—

5. \$741,000 of United States equipment notes, maturing serially to 1935, bearing interest at the rate of 6 per cent per annum;

all of the aforesaid securities to be issued, and obligations and liabilities assumed, for the sole purpose of acquiring certain properties and assets of the Chicago & Eastern Illinois Railroad Company, which are to be purchased by applicant at the foreclosure sale referred to in said report, and to be the only securities issued, and the only obligations and liabilities assumed, by the Chicago & Eastern Illinois Railway Company for such purpose.

It is further ordered, That in the event that the aforesaid loans of \$3,500,000 and \$785,000 shall be made, the Chicago & Eastern Illinois Railway Company be, and it is hereby, authorized to issue and to pledge with the Director General of Railroads and with the Secretary of the Treasury, to further secure said loans, respectively, on or before, but not later than June 30, 1921, additional prior-lien or first-mortgage bonds to such amounts, not exceeding an aggregate amount of \$1,071,000, as will furnish margin or additional security for each of said loans, in the same ratio to the face amount of each such loan as the ratio of margin or additional security which this Commission shall require to be pledged with the Secretary of the Treasury for said loan of \$785,000.

It is further ordered, That the Chicago & Eastern Illinois Railway Company shall not issue or pledge, or assume any obligation or liability in respect of, any of the securities hereinbefore mentioned unless and until it shall have had on file with this Commission for at least 10 days (1) a copy of each and every mortgage, trust indenture, agreement, or instrument, of whatever kind or character, securing or otherwise relating to said securities, or to any of them; (2) a specimen or form of each and every type, variety, and kind of stock certificate, bond, or equipment obligation so to be issued, or in respect of which any such obligation or liability is to be so assumed; (3) proof by affidavit by one of its executive officers of the payment to it of the amount to be raised from creditors and stockholders as stated in the application, or of firm contracts for such payment; and (4) in the latter event a copy of each such contract; (5) proof by like affidavit of the actual acquisition by applicant of the properties and assets described in the record as to be acquired by it; (6) proof by like affidavit that a definite and final arrangement with the Director General of Railroads, settling as proposed in

the application the federal control accounts, has been made; (7) together with a copy of each and every contract, or other material instrument effectuating or relating to such arrangement; (8) proof by like affidavit that applicant has brought its program of reorganization substantially as now outlined to fulfillment; and (9) a verified statement showing which, if any, of such securities are pledged or held unincumbered by or for applicant or the Chicago & Eastern Illinois Railroad Company; and until the Commission shall by further order approve the forms of said securities;

It is further ordered, That none of the securities herein authorized to be issued shall, unless and until otherwise ordered by the Commission, be sold, pledged, repledged, or otherwise disposed of by applicant, except as authorized in this order;

It is further ordered, That applicant shall not, unless and until otherwise ordered by the Commission, assume any obligation or liability in respect of any of said underlying bonds or equipment obligations, except as authorized in this order;

It is further ordered, That applicant shall make written report to the Commission within 10 days thereafter (a) of the issue of any of said prior-lien or first-mortgage bonds, general or second mortgage bonds, preferred stock, or common stock; (b) of the assumption of obligation or liability in respect of any of said Chicago & Eastern Illinois Railroad Company's first-mortgage extension bonds, Chicago & Eastern Illinois Railroad Company's consolidated mortgage bonds, Evansville Belt Railway Company's first-mortgage bonds, Chicago & Eastern Illinois Railroad Company's series-H equipment obligations, or United States equipment notes; and (c) of the pledge of any of said prior-lien or first-mortgage bonds as herein authorized, and of the payment, redemption, discharge, or release from pledge of any bonds so pledged;

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of the securities mentioned herein, or interest or dividends thereon.

FINANCE DOCKET No. 1173.

IN THE MATTER OF THE APPLICATION OF THE NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY FOR AUTHORITY TO SELL FIRST CONSOLIDATED MORTGAGE BONDS.

Submitted January 6, 1921. Decided February 3, 1921.

Authority granted applicant to sell \$495,000 of first consolidated mortgage 5 per cent gold coupon bonds, now in its treasury, for the purpose of reimbursing the latter for moneys expended in retirement of underlying bonds.

Fitzgerald Hall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Nashville, Chattanooga & St. Louis Railway, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to sell \$495,000 of its first consolidated mortgage 5 per cent gold coupon bonds, now in its treasury.

Applicant represents that it is in urgent need of funds to meet obligations incident to its current operations.

The bonds proposed to be sold are dated April 2, 1888, and will mature April 1, 1928. They are in coupon form, bearing interest at the rate of 5 per cent per annum, payable semiannually on the 1st days of April and October in each year. Prior to June 28, 1920, the effective date of section 20a of the interstate commerce act, these bonds had been delivered to the applicant and placed in its treasury, after authentication by the United States Trust Company, the trustee under applicant's first consolidated 5 per cent mortgage of April 2, 1888, by which they are secured. They were thus authenticated and delivered in respect of \$489,000 of bonds of the Fayetteville, McMinnville, and Huntsville branches and \$6,000 of bonds of the Lebanon branch, for the retirement of which the applicant used money drawn from its current cash account. Sale of the bonds at a price of not less than 86.24 per cent of their face value is contemplated, the

proceeds to be used to reimburse the treasury of the applicant for the moneys thus expended.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers, duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed sale, by the applicant, of its first consolidated mortgage 5 per cent gold coupon bonds, in the aggregate amount of \$495,000, (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Nashville, Chattanooga & St. Louis Railway be, and it is hereby, authorized to sell \$495,000 of its first consolidated mortgage 5 per cent gold coupon bonds, which had been authenticated by the corporate trustee under the mortgage securing the same and placed in the applicant's treasury prior to June 28, 1920; said bonds to be sold at such price, not less than 89.08 per cent of par, that the total cost to the applicant shall not exceed 7 per cent per annum of the principal amount thereof, including in such cost interest, discounts, attorneys' fees, and all other expenses.

It is further ordered, That the applicant shall report to the Commission all pertinent facts relating to the sale of said bonds within 10 days thereafter, said report to be in writing, signed by an executive officer and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1174.

IN THE MATTER OF THE APPLICATION OF THE HOCKING VALLEY RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE GENERAL-MORTGAGE BONDS AS SECURITY FOR A LOAN FROM THE UNITED STATES.

Submitted January 6, 1921. Decided February 3, 1921.

Authority granted (1) to issue \$2,037,000 of general-mortgage 6 per cent gold bonds, series A, in accordance with the terms of a certain mortgage, and (2) to pledge said bonds, together with \$183,000 of general-mortgage 6 per cent gold bonds, series A, now held free and unencumbered in applicant's treasury, with the Secretary of the Treasury as security for a loan from the United States aggregating \$1,665,000.

A. C. Rearick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Hocking Valley Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$2,037,000 of its general-mortgage 6 per cent gold bonds, series A, and (2) to pledge them, together with \$183,000 of the same series now held in its treasury, with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

Under the terms of an indenture of mortgage and deed of trust dated January 1, 1919, between applicant and the Equitable Trust Company of New York, trustee, a copy of which is filed in this proceeding, applicant is at present entitled to have authenticated and delivered to it \$1,254,000 of said bonds in reimbursement of certain expenditures made from its treasury for additions and betterments subsequent to January 1, 1919, and from time to time, as applicant is in position to certify to the trustee additional expenditures for additions and betterments. it will be entitled to have \$783,000 of said bonds authenticated and delivered.

Our certificate No. 68 provides that a loan in the aggregate amount of \$1,665,000 is to be made in four installments with collateral at par value as follows:

	Loan.	Collateral.
No. 1.....	\$750,000	\$1,000,000
No. 2.....	303,000	404,000
No. 3.....	306,000	408,000
No. 4.....	306,000	408,000
Total.....	1,665,000	2,220,000

Applicant proposes at once to pledge \$1,404,000, principal amount, of the bonds as security for the first two installments, and to pledge the balance for the two remaining installments as soon as it is able to certify to the trustee that additional expenditures aggregating \$783,000 have been made.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Public Utilities Commission or other authority of said state.

We find that the proposed issue and pledge of said general-mortgage bonds by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Hocking Valley Railway Company be, and it is hereby, authorized (1) to issue \$2,037,000 of general-mortgage 6 per cent gold bonds, series A, under and pursuant to, and to be secured by, its general mortgage, dated January 1, 1919, made to the Equitable Trust Company of New York; and (2) to pledge the same, together with \$183,000 of its general-mortgage 6 per cent gold bonds, series A, now held free and unencumbered in its treasury, with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended; said bonds to be used solely as such security until otherwise ordered by the Commission.

It is further ordered, That the Hocking Valley Railway Company shall make report to the Commission within 10 days thereafter of

the issue and pledge of said bonds, or of any part thereof, as herein authorized, and shall likewise report to the Commission the release of said bonds from such pledge within 10 days after any of the same may have been so released, such reports to be made in writing and duly verified by an executive officer of the applicant having knowledge of the contents thereof.

It is further ordered, That the said bonds shall not, except as authorized in this order, be sold, pledged, repledged, or otherwise disposed of unless and until otherwise ordered by the Commission.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said general-mortgage 6 per cent gold bonds, series A, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 998.

IN THE MATTER OF THE APPLICATION OF THE NEW
ORLEANS, TEXAS & MEXICO RAILWAY COMPANY
FOR A LOAN FROM THE UNITED STATES TO AID IN
PROVIDING ADDITIONS AND BETTERMENTS.

Submitted January 29, 1921. Decided February 4, 1921.

Applications granted in part and loan of \$234,000 approved.

J. S. Pyeatt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New Orleans, Texas & Mexico Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 21 and June 7, 1920, made applications to us for loans from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with equipment and other additions and betterments. On June 18, 1920, and January 29, 1921, the applicant amended and supplemented the applications.

In the applications, as amended and supplemented, the applicant sets forth:

1. That the amount of the loans desired is \$1,160,000.
2. That the term for which the loans are desired is 15 years.
3. That the purposes of the loans and the uses to which they will be applied are to aid the applicant in providing itself with equipment and other additions and betterments as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment:			
500 40-ton steel box cars, at \$2,477.02 each.....	\$1,238,510	.....	.....
50 40-ton steel automobile cars, at \$2,586.58 each.....	126,329	.....	.....
250 40-ton steel gondola cars, at \$2,243.70 each.....	560,925	.....	.....
50 50-ton 10,050-gallon steel tank cars, at \$2,555.15 each.....	127,757	.....	.....
5 ten-wheel locomotives, weight 340,000 pounds, at \$51,695.75 each.....	258,479	.....	.....
Total equipment.....	2,315,000	\$1,389,000	\$926,000

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
Additions and betterments:			
To existing equipment.....	\$61,000	.....	.....
To way and structures—			
New 85-pound rail.....	52,912	.....	.....
Yard and sidings.....	248,589	.....	.....
Fuel-oil stations.....	15,195	.....	.....
Shop buildings.....	15,550	.....	.....
Shop machinery.....	75,000	.....	.....
Total additions and betterments.....	468,246	\$234,246	\$234,000
Grand total.....	2,783,246	1,623,246	1,160,000

4. Its present and prospective ability to repay the loans and to meet its obligations in regard thereto.

5. That the security offered is \$700,000 of applicant's first-mortgage 6 per cent gold bonds, \$500,000 of applicant's series-A 5 per cent noncumulative income bonds, \$486,000 of St. Louis-San Francisco Railway Company's income-mortgage series-A 6 per cent gold bonds, and \$620,000 par value of St. Louis-San Francisco Railway Company's series-A preferred capital stock.

6. That the extent to which the public convenience and necessity will be served by the loan is that the movement of traffic will be expedited and congestions and delays prevented.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$1,047,563, apportioned \$817,063 for equipment and \$230,500 for additions and betterments.

The applicant has requested that the loan in respect of equipment be made to or through the National Railway Service Corporation, and the said corporation has applied to us for the making of the loan in respect of equipment for the applicant to or through it. The loan in respect of equipment will be considered separately.

After investigation, we find that the making of the proposed loan by the United States for additions and betterments as hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability

to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

In consideration of the making of the aforesaid loan, the applicant offered to finance approximately 50 per cent of the total estimated cost of the proposed additions and betterments. The certificate will provide that the applicant will meet its obligation in this regard, in default of which the entire loan shall become due and payable.

An appropriate certificate will be issued.

Certificate No. 70 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$234,000 by the United States to the New Orleans, Texas & Mexico Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to provide itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$234,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$500,000, principal amount, of applicant's series-A 5 per cent noncumulative income bonds, due 1935, issued under an indenture dated March 1, 1916, executed by the applicant to the Guaranty Trust Company of New York, as trustee. Said bonds are in definitive coupon form, and temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared, said definitive bonds having coupon due April 1, 1921, and subsequent

coupons attached. Said bonds are in denominations, aggregate principal amounts, and are numbered as follows:

Description.	Number of bonds.	Denomination.	Aggregate principal amount.	Description.	Number of bonds.	Denomination.	Aggregate principal amount.
<i>Definitive bonds.</i>				<i>Definitive bonds—Contd.</i>			
90 to 93.....	4	\$1,000	\$4,000	4138 and 4139.....	2	\$1,000	\$2,000
444 to 447.....	4	1,000	4,000	4973 to 4975.....	3	1,000	3,000
536.....	1	1,000	1,000	5124.....	1	1,000	1,000
561.....	1	1,000	1,000	5179 to 5184.....	6	1,000	6,000
577 to 579.....	3	1,000	3,000	5187 to 5195.....	9	1,000	9,000
678 and 679.....	2	1,000	2,000	5599 to 5702.....	4	1,000	4,000
1043 and 1044.....	2	1,000	2,000	6193 to 6198.....	6	1,000	6,000
1958 to 1967.....	10	1,000	10,000	6205 to 6208.....	4	1,000	4,000
2217 and 2218.....	2	1,000	2,000	7495 to 7499.....	5	1,000	5,000
2221 to 2226.....	6	1,000	6,000	7559.....	1	1,000	1,000
2232.....	1	1,000	1,000	8087 and 8088.....	2	1,000	2,000
2454 and 2455.....	2	1,000	2,000	8382.....	1	1,000	1,000
2458.....	1	1,000	1,000	9239.....	1	1,000	1,000
2878 to 2892.....	15	1,000	15,000	9241.....	1	1,000	1,000
2901 and 2902.....	2	1,000	2,000	9243 to 9247.....	5	1,000	5,000
2909 to 2914.....	6	1,000	6,000	9309 to 9311.....	3	1,000	3,000
2920.....	1	1,000	1,000	9316 to 9318.....	3	1,000	3,000
2976 to 2978.....	3	1,000	3,000	9392 to 9394.....	3	1,000	3,000
3001 to 3010.....	10	1,000	10,000	10135 to 10140.....	6	1,000	6,000
3036 to 3043.....	8	1,000	8,000	10526 to 10530.....	5	1,000	5,000
3051 to 3056.....	6	1,000	6,000	10536 to 10540.....	5	1,000	5,000
3063 to 3065.....	3	1,000	3,000	10830 to 10836.....	7	1,000	7,000
3073.....	1	1,000	1,000				
3139 and 3140.....	2	1,000	2,000	<i>Temporary bonds.</i>			
3146.....	1	1,000	1,000	T.....	1	.....	138,850
3341 to 3348.....	8	1,000	8,000	T 100.....	1	.....	98,050
3401.....	1	1,000	1,000	TD 449 to TD 471.....	23	500	11,500
3430 and 3431.....	2	1,000	2,000	TD 497 and TD 498.....	2	500	1,000
3434 to 3438.....	5	1,000	5,000	TD 500 to TD 517.....	18	500	9,000
3464 to 3500.....	37	1,000	37,000	TC 495 to TC 500.....	6	100	600
4098 and 4099.....	2	1,000	2,000				
4100 and 4101.....	2	1,000	2,000				
3068 to 3071.....	4	1,000	4,000	Total.....			500,000

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section

210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing dated the 25th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission, on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the applicant for additions and betterments, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 5th day of February, 1921.

67 I. C. C.



FINANCE DOCKET No. 1092.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK SOUTHERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE FIRST-LIEN EQUIPMENT NOTES AND FIRST AND REFUNDING MORTGAGE BONDS.

Submitted November 12, 1920. Decided February 4, 1921.

Authority granted to issue and pledge \$222,000 of first-lien equipment notes, and \$200,000 of first and refunding mortgage 50-year gold bonds. Terms and conditions prescribed.

W. B. Rodman for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Norfolk Southern Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$222,000 of its first-lien equipment notes; (2) to issue \$200,000 of its first and refunding mortgage 50-year gold bonds; and (3) to pledge said notes and bonds with the Secretary of the Treasury as security for a loan of \$311,000, under section 210 of the transportation act, 1920, as amended.

The first-lien equipment notes are to be issued under and pursuant to the equipment-trust agreement between the Equitable Trust Company of New York, trustee, and the applicant, dated October 22, 1920. The notes are to be dated October 22, 1920, will mature October 22, 1931, will be payable to bearer, and will bear interest at the rate of 6 per cent per annum payable semiannually on the 22d day of April and October in each year.

The first and refunding mortgage 50-year gold bonds are to be issued under and pursuant to applicant's first and refunding mortgage, dated February 1, 1911, to the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee, in contemplation of additions and betterments which are to be made. They will bear interest at the rate of 5 per cent per annum payable semiannually on the 1st day of February and August in each year.

We have heretofore approved the making of a loan of \$311,000 to the applicant by the United States under the provisions of section 210 of the transportation act, 1920, as amended, of which \$111,000 is to aid it in procuring equipment, and \$200,000 is to aid it in making additions and betterments to way and structures, the total cost of which is to approximate \$400,000, as specified in our certificate No. 43. Authority is desired by the applicant to pledge with the Secretary of the Treasury the proposed equipment notes and bonds as security for said loans.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by applicant of \$222,000 of first-lien equipment notes, and of \$200,000 of first and refunding mortgage 50-year gold bonds, and the proposed pledge thereof with the Secretary of the Treasury, (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Norfolk Southern Railroad Company be, and it is hereby, authorized to issue not to exceed \$222,000 of its first-lien equipment notes, under and pursuant to the equipment-trust agreement dated October 22, 1920, between the Equitable Trust Company of New York, trustee, and the Norfolk Southern Railroad Company; such notes to be dated October 22, 1920, to mature October 22, 1931, and to bear interest at the rate of 6 per cent per annum payable semiannually on the 22d day of April and October in each year; and when so issued, to pledge said notes with the

Secretary of the Treasury as part security for a loan of \$311,000 from the United States to the Norfolk Southern Railroad Company under section 210 of the transportation act, 1920, as amended, as specified in the Commission's certificate No. 43.

It is further ordered, That the Norfolk Southern Railroad Company be, and it is hereby, authorized to issue not to exceed \$200,000 of its first and refunding mortgage 50-year gold bonds, under and pursuant to its first and refunding mortgage, dated February 1, 1911, to the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee, these bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of February and August in each year and the principal to be payable February 1, 1961; and when so issued, to pledge such bonds with the Secretary of the Treasury as part security for a loan of \$311,000 from the United States to the Norfolk Southern Railroad Company under section 210 of the transportation act, 1920, as amended, as specified in said certificate No. 43.

It is further ordered, That, except as herein authorized to be pledged, said notes and said bonds shall not be sold, pledged, repledged, or otherwise disposed of unless and until otherwise ordered by this Commission.

It is further ordered, That the Norfolk Southern Railroad Company shall make report to this Commission within 10 days thereafter of (1) the issue of said notes and said bonds; (2) the pledge thereof; and (3) the payment, redemption, discharge, or release from pledge thereof.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said notes or any of said bonds, or interest thereon.



FINANCE DOCKET No. 982.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted January 26, 1921. Decided February 5, 1921.

Application granted in part and loan of \$162,000 approved.

Alex. P. Humphrey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Louisville & Jeffersonville Bridge & Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 14, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to provide itself with additions and betterments to way and structures. In the application the applicant sets forth:

1. That the amount of the loan desired is \$162,574.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to provide itself with additions and betterments to way and structures, as follows:

Purposes.	Estimated cost.	Loan from United States.
Turnout in Jeffersonville yard.....	\$474	.....
Additional yard track, Jeffersonville.....	117,000	.....
Coaling station, Jeffersonville.....	12,000	.....
Water station, Jeffersonville.....	13,000	.....
Ash pit, Jeffersonville.....	13,000	.....
Additional weight rail, Jeffersonville.....	2,400	.....
Additional other track material.....	2,200	.....
Sandhouse and bin.....	2,500	.....
Total.....	162,574	\$162,574

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 50-year 4 per cent gold bonds, due 1945.

6. That the extent to which the public convenience and necessity will be served is that the additional facilities to be provided from the proceeds of the loan will result in improved service to the public and increased capacity for handling business through the Louisville gateway.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making in whole of the proposed loan by the United States, for the purposes and amounts hereinabove set forth, in even thousands of dollars, namely, \$162,000, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 71 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$162,000 in two parts as hereinafter set forth, by the United States to the Louisville & Jeffersonville Bridge & Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to provide itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$162,000.

4. That the time from the making thereof within which the entire loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in two parts in the order set forth as follows: (1) The first part of the loan shall be in the amount of \$108,000 and shall be secured by the unrestricted indorsement and guaranty of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a corporation duly organized and existing under and by virtue of the laws of the states of Ohio and Indiana; and (2) the second part of the loan shall be in the amount of \$54,000 and shall be secured by the unrestricted indorsement and guaranty of the Chesapeake & Ohio Railway Company, a corporation duly organized and existing under and by virtue of the laws of the state of Virginia.

(b) The entire loan shall be secured by the pledge of \$162,000 principal amount, of applicant's 50-year 4 per cent gold bonds, due 1945, issued under an indenture dated January 1, 1895, executed by the Louisville & Jeffersonville Bridge Company (now the applicant) to the United States Trust Company of New York and the Union Trust Company of Indianapolis, Ind., as trustees, and indenture supplemental thereto, dated January 2, 1918. Said bonds are in definitive coupon form, having coupon due March 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 4501 to 4662, inclusive.

(c) The indorsements and guaranties required by subdivisions 1 and 2 of subparagraph (a) of paragraph 5 hereof shall be substantially in the form hereinbelow set forth:

For value received _____ Company, a corporation duly organized and existing under and by virtue of the laws of the state of _____, hereby indorses and unconditionally guarantees to the holder hereof the payment of the within (or foregoing) note of _____ Company in a principal amount of \$_____ with interest when and as the same shall become due and payable, whether at maturity or by declaration or otherwise, hereby waiving protest and notice of dishonor and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes or other securities pledged or held as collateral security for the payment of the said note and/or interest thereon unless and until said note and all interest thereon and expenses thereof are paid in full.

In Witness Whereof _____ Company has caused this guaranty to be signed by its president or vice president and by its (general) treasurer or (assistant) (general) treasurer, and its corporate seal to be hereunto affixed, this _____ day of February, 1921.

By _____ Company,

 (Vice) President.
 _____,
 Assistant or General Treasurer.

[SEAL.]

(d) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(e) The applicant may repay all or any portion of the loan before maturity, and every repayment so made shall be applied first upon interest and then upon principal of the obligations evidencing the two parts of the loan pro rata.

(f) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(g) The applicant has agreed in an instrument in writing, dated the 8th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for pur-

poses for which loaned, or shall be repaid to the United States, on or before December 31, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall at the option of the holder become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 5th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1106.

IN THE MATTER OF THE APPLICATION OF THE MOBILE
& OHIO RAILROAD COMPANY FOR AUTHORITY TO
REPLEDGE ST. LOUIS DIVISION BONDS AS SECURITY.

Submitted December 10, 1920. Decided February 5, 1921.

Authority granted to repledge not to exceed \$500,000 of applicant's St. Louis division 5 per cent gold bonds as security for loan or loans not to exceed \$500,000, to be represented by short-term note or notes of less than two years' maturity.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Mobile & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to repledge not to exceed \$500,000 of its St. Louis division 5 per cent gold bonds maturing December 1, 1927, as security for a loan or loans not exceeding a like amount.

Of the above-described bonds, \$500,000 were originally pledged by applicant with the Bankers Trust Company of New York for a loan of \$350,000, and are now held by that company as security for the unpaid balance of the loan, namely, \$100,000. Applicant now proposes to repledge, as security for an additional loan or loans, such an amount of these bonds as it may be able to have released from the existing pledge. Representation is made that the loan or loans to be thus collaterally secured are to be represented by a note or notes payable within two years, the principal amount of which, plus like notes now outstanding, will not equal 5 per cent of the par value of applicant's outstanding securities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the repledge of not to exceed \$500,000 of applicant's St. Louis division 5 per cent gold bonds, due December 1, 1927, as security for loan or loans not exceeding a like amount (a) is for a

lawful object within applicant's corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Mobile & Ohio Railroad Company, until otherwise ordered, be, and it is hereby, authorized to repledge, as collateral security for a loan or loans, not to exceed \$500,000 of its St. Louis division 5 per cent gold bonds, maturing December 1, 1927, issued under and pursuant to a mortgage by applicant to the Central Trust Company of New York, trustee, dated August 1, 1913; said loan or loans not to exceed \$500,000 and to be represented by short-term note or notes payable within two years from date of issue, the principal amount of which, plus like notes now outstanding, shall not exceed 5 per cent of the par value of applicant's outstanding securities.

It is further ordered, That the applicant shall not pledge, repledge, hypothecate, sell, or otherwise dispose of, any of the bonds aforesaid which may be released from the pledge with the Bankers Trust Company of New York, except as herein authorized, until and unless otherwise ordered by this Commission.

It is further ordered, That the applicant shall file a report with the Commission within 10 days thereafter of the repledge of any of the aforesaid bonds, making such report concurrent with the filing of the certificates of notification as required by section 20a, paragraph (9), of the interstate commerce act, the report to advise us of the amount of bonds released from the pledge with the Bankers Trust Company of New York, the amount of bonds repledged, the rate or rates of interest to be paid by the applicant on the note or notes representing the loan or loans thus collaterally secured, and the total cost to applicant, including the interest, of securing such loan or loans; said report to be in writing and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 922.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY FOR A LOAN TO AID IN PROVIDING EQUIPMENT.

Approved February 7, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

ORDER.

The Atchison, Topeka & Santa Fe Railway Company, hereinafter referred to as the applicant, having applied to the Commission for a loan under section 210 of the transportation act, 1920, as amended, for additional freight-train equipment;

It appearing, That a full investigation of the matters and things involved having been had, we made and filed a report containing our findings of fact and conclusions thereon, and accordingly issued to the Secretary of the Treasury our certificate No. 8, of July 13, 1920, for a loan of \$5,493,600 to the applicant;

It further appearing, That the applicant, by its general counsel, on January 31, 1921, requested that its application be withdrawn and closed:

It is ordered, That the said certificate No. 8, of July 13, 1920, be, and it is hereby, canceled.

67 I. C. C.

FINANCE DOCKET No. 971.

IN THE MATTER OF THE APPLICATION OF THE INDIANA HARBOR BELT RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted February 2, 1921. Decided February 7, 1921.

Application granted in part and loan of \$579,000 approved.

A. H. Harris for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Indiana Harbor Belt Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 7, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with equipment and other additions and betterments.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$698,233.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with equipment and other additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment:			
10 8-wheel switching locomotives	\$473,593	.....	.....
10 caboose cars	27,000	.....	.....
1 20-ton crane	22,000	.....	.....
	522,593	\$355,195	\$167,398
Additions and betterments:			
To miscellaneous equipment	4,435	.....	4,435
To way and structures	526,400	.....	526,400
Total	1,053,428	355,195	698,233

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is, (a) as to the loan for equipment, applicant's equity in said equipment, and (b) as to the loan for additions and betterments, applicant's general-mortgage 5 per cent

gold bonds in a principal amount equal to the amount of the loan, and in addition thereto the indorsements and guaranties of its proprietor companies in proportion to the ownership of said companies in the capital stock of the applicant.

6. That the extent to which the public convenience and necessity will be served is that the equipment and increased facilities to be acquired with the proceeds of the loan are necessary to handle increased business offered by the railroad companies for which the applicant performs interchange service through its belt line around Chicago.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$698,233 for equipment and other additions and betterments.

Applicant, by an amendment to the application, filed with us February 2, 1921, withdrew from consideration that part of its application in respect of equipment consisting of 10 8-wheel switching locomotives.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in the following amounts:

Purposes.	Estimated cost.	Loan by United States.
10 caboose cars	\$27,000	.....
1 20-ton crane	22,000	.....
Betterments to miscellaneous equipment	4,000	.....
Additions and betterments to way and structures	526,000	.....
Total	579,000	\$59,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 72 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$579,000 by the United States in four parts as hereinafter set forth to the Indiana Harbor Belt Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$579,000.

4. That the time from the making thereof within which the entire loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in four parts in the order set forth as follows: (1) The first part of the loan shall be in the amount of \$174,000, and shall be secured by the unrestricted indorsement and guaranty of the New York Central Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the states of New York, Pennsylvania, Ohio, Indiana, Michigan, and Illinois; (2) the second part of the loan shall be in the amount of \$173,000, and shall be secured by the unrestricted indorsement and guaranty of the Michigan Central Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the state of Michigan; (3) the third part of the loan shall be in the amount of \$116,000, and shall be secured by the unrestricted indorsement and guaranty of the Chicago, Milwaukee & St. Paul Railway Company, a corporation duly organized and existing under and by virtue of the laws of the state of Wisconsin; and (4) the fourth part of the loan shall be in the amount of \$116,000, and shall be secured by the unrestricted indorsement and guaranty of the Chicago & North Western Railway Company, a corporation duly organized and existing under and by virtue of the laws of the states of Illinois, Wisconsin, and Michigan.

(b) The entire loan shall be secured by the pledge of \$579,000. principal amount, of applicant's general-mortgage 50-year 5 per cent

gold bond, due 1957, issued under an indenture of mortgage dated November 1, 1907, executed by the applicant to the Guaranty Trust Company of New York as trustee. Said bond is in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared. Said temporary bond is numbered TB-1 of a principal amount of \$579,000.

(c) The indorsements and guaranties required by subdivisions 1 to 4, inclusive, of subparagraph (a) of paragraph 5 hereof shall be substantially in the form hereinbelow set forth:

For value received ----- Company, a corporation duly organized and existing under and by virtue of the laws of the State of -----, hereby indorses and unconditionally guarantees to the holder hereof the payment of the within (or foregoing) note of ----- Company in a principal amount of \$-----, with interest when and as the same shall become due and payable, whether at maturity or by declaration or otherwise, hereby waiving protest and notice of dishonor and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of the said note and/or interest thereon unless and until said note and all interest thereon and expenses thereof are paid in full.

In Witness Whereof ----- Company has caused this guaranty to be signed by its President or Vice President and by its [General] Treasurer or [Assistant] [General] Treasurer, and its corporate seal to be hereunto affixed, this ----- day of February, 1921.

----- Company,
By -----,
(Vice) President.
-----,
(Assistant) (General) Treasurer.

[SEAL.]

(d) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(e) The applicant may repay all or any portion of the loan before maturity, provided every repayment so made shall be applied first upon interest and then upon principal of the obligations evidencing the four parts of the loan pro rata.

(f) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(g) The applicant has agreed in an instrument in writing, dated the 31st day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 7th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1178.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & LAKE ERIE RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES IN RENEWAL OF OTHERS.

Submitted January 24, 1921. Decided February 7, 1921.

Authority granted to issue \$750,000 of six months' 6 per cent promissory notes to be dated February 4, 1921, and \$750,000 of six months' 6 per cent promissory notes to be dated February 26, 1921, in renewal of notes for like amounts due on said dates, respectively.

A. H. Harris for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pittsburgh & Lake Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue (1) \$750,000 of promissory notes to the order of and indorsed by applicant, to be dated February 4, 1921, to mature six months after date, to be payable at the Union Trust Company of Pittsburgh and to bear interest at the rate of 6 per cent per annum; (2) \$750,000 of promissory notes to the order of and indorsed by applicant, to be dated February 26, 1921, to mature six months after date, to be payable at the Union Trust Company of Pittsburgh and to bear interest at the rate of 6 per cent per annum.

Each issue of these notes is to be in renewal of notes of applicant aggregating the same principal amount which will fall due on the date mentioned, these outstanding notes having been issued under dates of August 4 and 26, 1920, respectively, by authority granted by us on August 20, 1920, in *Note Issue of Pittsburgh & Lake Erie R. R.*, 65 I. C. C., 119; and having been given in renewal of notes aggregating like amounts issued under the authority of resolutions adopted by applicant's board of directors on January 19, 1918, to secure cash to replace that theretofore paid for additions and betterments made to its property in 1917 and for equipment ordered by it.

The application was made under oath and signed and filed on behalf of applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the

governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by any state authority other than the Public Utilities Commission of Ohio. The objections offered by that commission are based upon our alleged lack of jurisdiction in the premises. We are of the opinion that we have jurisdiction.

We find that the proposed issue of said notes by applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose, and (*c*) that the principal amount of this issue, together with all of applicant's other outstanding notes of a maturity of two years or less, aggregates more than 5 per cent of the par value of its securities outstanding.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Pittsburgh & Lake Erie Railroad Company be, and it is hereby, authorized (1) to issue its promissory notes to the order of and indorsed by said company for an aggregate amount of \$750,000, to be dated February 4, 1921, and to mature six months thereafter, payable at the Union Trust Company of Pittsburgh and bearing interest at the rate of 6 per cent per annum, and (2) to issue its promissory notes to the order of and indorsed by said company for an aggregate amount of \$750,000, to be dated February 26, 1921, and to mature six months thereafter, payable at the Union Trust Company of Pittsburgh and bearing interest at the rate of 6 per cent per annum; each issue of said notes to be given in renewal and payment of existing six months' 6 per cent notes to like aggregate amounts which fall due on February 4 and February 26, 1921, respectively.

It is further ordered, That the applicant report to this Commission all pertinent facts relating to the issue of said notes within 10 days after such issue.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1186.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE FIRST CONSOLIDATED MORTGAGE BONDS.

Submitted January 15, 1921. Decided February 7, 1921.

Authority granted to issue and sell at not less than 80 per cent of par and accrued interest \$950,000 of applicant's first consolidated mortgage 5 per cent bonds maturing July 1, 1994, for the purpose of retiring a like amount of applicant's Virginia Midland serial-mortgage 5 per cent bonds, series D, maturing March 1, 1921.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Southern Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue and sell \$950,000 of its first consolidated mortgage 5 per cent gold bonds for the purpose of retiring a like amount of its Virginia Midland serial-mortgage bonds, series D, which mature March 1, 1921.

Under the terms of applicant's first consolidated mortgage, a copy of which is on file in this proceeding, a total issue of \$120,000,000 of bonds was authorized, \$69,129,700 of which was expressly reserved to provide for payment and redemption of underlying bonds at that time outstanding. Applicant represents that of this latter amount \$41,336,800 of bonds remain unissued at this date, and that \$950,000 of bonds for the issue of which authority is sought are a part of this reserve.

The bonds which mature March 1, 1921, and which it is proposed to retire, are a part of a total issue of \$7,635,000, which are secured by a serial mortgage, dated March 1, 1881, between the Virginia Midland Railway Company and Robert T. Baldwin, J. Willcox Brown, and Robert Garrett, trustees. This mortgage, together with the obligation to pay principal and interest of the bonds secured thereunder, was assumed by applicant upon its organization in 1894.

No negotiations looking to the sale of these bonds have yet been undertaken and for this reason no estimate of the cost to applicant has been presented. Applicant, however, suggests that the bonds

should sell at a figure in excess of 80 per cent of par. Inasmuch as these bonds do not mature for 73 years, their sale at 80 per cent of par would be on a basis of approximately 6.25 per cent, exclusive of expenses and discount, a very favorable figure considering the present state of the money and securities market.

The application was made under oath, and signed and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue and sale by the applicant of \$950,000 of first consolidated mortgage 5 per cent gold bonds (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Southern Railway Company be, and it is hereby, authorized to issue \$950,000 of its first consolidated mortgage 5 per cent gold bonds to be issued under and pursuant to, and secured by, its first consolidated mortgage dated October 2, 1894, to the Central Trust Company of New York, trustee, which mortgage is on file in this proceeding; such bonds to be in the forms on file herein, to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of January and July in each year, and the principal thereof to be payable July 1, 1994.

It is further ordered, That the Southern Railway Company be, and it is hereby, authorized to sell or dispose of said bonds solely for the purpose of purchasing, paying, retiring, or refunding \$950,000 of its Virginia Midland Railway Company serial-mortgage 5 per cent gold bonds, series D, maturing March 1, 1921.

It is further ordered, That the Southern Railway Company shall not sell or in any manner dispose of said bonds or any of them at any price or discount from par thereof which, together with the sums to be paid as interest thereon and the amount to be paid at maturity thereof and expenses of issue and sale, shall result in the aggregate payment by said railway company, as interest on the principal amount, discount therefrom, and all expenses of preparation, execution, and sale thereof of more than the equivalent of 6.5 per cent per annum on the money actually received, and that in no case shall said bonds or any of them be sold for less than 80 per cent of their principal amount with the full amount of accrued interest in addition thereto; all deductions from face amount and interest paid to be amortized in accordance with the accounting rules prescribed by this Commission.

It is further ordered, That said bonds herein authorized to be issued shall not, unless and until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That as and when bonds which are to mature March 1, 1921, are retired, they shall be canceled by applicant and shall not be reissued.

It is further ordered, That the Southern Railway Company shall report to the Commission in writing, signed and verified by one of its executive officers having knowledge of the facts, all pertinent facts relating to the issue and sale of said bonds, and the application of proceeds therefrom until all said bonds have been sold and all the proceeds thereof disposed of, the first report to be made 60 days from the date of this order, and subsequent reports every 60 days thereafter.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first consolidated mortgage bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1162.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RAILWAY COMPANY FOR AUTHORITY TO ISSUE ITS NOTE IN RENEWAL OF A NOTE AND TO REPLEDGE BONDS AS SECURITY THEREFOR.

Submitted January 22, 1921. Decided February 8, 1921.

Authority granted (1) to issue to the order of the Chicago & North Western Railway Company a promissory note for \$1,000,000, payable December 31, 1921, with interest at the rate of 6 per cent per annum, in renewal of a note of like amount which matured on December 31, 1920, and (2) to repledge as security therefor \$1,200,000 of debenture gold bonds of 1930, now pledged with said Chicago & North Western Railway Company, as security for the existing note.

James B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, St. Paul, Minneapolis & Omaha Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue as of December 31, 1920, a promissory note for \$1,000,000, in renewal of a note of like amount payable on that date to the order of the Chicago & North Western Railway Company, and to repledge as collateral security therefor \$1,200,000 of debenture gold bonds of 1930 now pledged with said company to secure the outstanding note.

Between December 1, 1913, and December 31, 1917, the applicant expended out of income \$3,358,397.42 for additions and betterments. Against these expenditures there have been issued certain debenture gold bonds of 1930, dated March 1, 1912, bearing interest at the rate of 5 per cent per annum, and maturing March 1, 1930. On January 1, 1918, for the reason that advantageous sales of debenture bonds could not be effected, the applicant, in order to reimburse its treasury on account of capital expenditures, borrowed \$1,000,000 from the Chicago & North Western Railway Company, which owns a majority of its capital stock. The loan was evidenced by a promissory note payable on or before December 31, 1918, with interest at the rate of 6 per cent per annum, and secured by the pledge, with the payee,

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of \$1,200,000 of said debenture bonds. By renewals on December 31, 1918, and December 31, 1919, the debt was extended to become due December 31, 1920. It appears that the applicant is without funds to meet said note, and that the creditor company has agreed to a further renewal to December 31, 1921, at the same rate of interest and with the same security.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by the applicant of a promissory note for \$1,000,000, and repledge of \$1,200,000 of debenture gold bonds of 1930, as security therefor (*a*) are for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, St. Paul, Minneapolis & Omaha Railway Company be, and it is hereby, authorized (1) to issue a promissory note in the face amount of \$1,000,000, payable December 31, 1921, with interest at the rate of 6 per cent per annum, in renewal of a note dated December 31, 1919, in the face amount of \$1,000,000, and payable on December 31, 1920, to the order of the Chicago & North Western Railway Company; and (2) to repledge with said Chicago & North Western Railway Company as security for the payment of the principal and interest of the note, herein authorized to be issued, \$1,200,000 of debenture gold bonds of 1930, now held by said company as security for the existing note.

It is further ordered, That said debenture gold bonds of 1930 shall not, except as herein authorized, be sold, repledged, used, or otherwise disposed of by the applicant, unless and until otherwise ordered by the Commission.

It is further ordered, That the Chicago, St. Paul, Minneapolis & Omaha Railway Company shall within 10 days thereafter report to the Commission all pertinent facts relating to (1) the issue of said note and the use of the proceeds thereof; (2) the repledge of said bonds; and (3) the payment or other satisfaction of said note and the release of said bonds from pledge; each report to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty as to said note, or interest thereon, or as to said bonds, or interest thereon, on the part of the United States.

67 L. C. C.

FINANCE DOCKET No. 1177.

IN THE MATTER OF THE APPLICATION OF THE BOYNE
CITY, GAYLORD & ALPENA RAILROAD COMPANY FOR
AUTHORITY TO ISSUE SHORT-TERM NOTES.

Submitted January 6, 1921. Decided February 8, 1921.

Authority granted to issue from time to time within two years applicant's short-term promissory notes to the aggregate amount of \$250,000, payable within two years from date, with interest at not exceeding 7 per cent per annum.

L. H. White for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Boyne City, Gaylord & Alpena Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue from time to time within two years its short-term promissory notes to the aggregate amount of \$250,000, payable within two years from date with interest at 7 per cent per annum, to secure loans to enable it to pay (a) its maturing short-term loans, (b) interest on its funded debt, (c) its obligations for equipment bought, (d) its taxes, and (e) its payments to interchange roads when called.

It appears that the short-term notes and current accounts of the applicant now due or soon to become due aggregate more than \$220,000; that for two years applicant has expended the amount of its entire income account in improvements, additions, and betterments; also, that it has expended a relatively large amount for new equipment and that it owes considerable sums to other roads on interchange accounts. The authority herein granted is not a necessary authorization later to capitalize the entire amount of these notes.

The notes which the applicant seeks authority to issue are to be sold at par.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Michigan, the only state in which applicant operates. No objection to the granting

of the application has been offered by the Public Utilities Commission or other authority of that state.

We find that the proposed issue by applicant and sale at par of the notes in question (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; (b) is reasonably necessary and appropriate for such service; and (c) that the total amount of this issue, together with all other outstanding notes of a maturity of two years or less aggregates more than 5 per cent of the par value of the securities of the applicant outstanding.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and the said Division having on the date hereof, made and filed a report containing its findings thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the Boyne City, Gaylord & Alpena Railroad Company be, and it is hereby, authorized to issue from time to time within two years its short-term promissory notes to an aggregate amount not exceeding \$250,000, payable, respectively, within two years from date thereof, with interest not exceeding the rate of 7 per cent per annum, as may be required to pay or refund (a) its maturing short-term loans, (b) interest on its funded debt, (c) its obligations for equipment bought, (d) its taxes, (e) its payment on interchange roads when called, and (f) other payments herein authorized; said notes to be used or sold at par.

It is further ordered, That of the aggregate amount herein authorized to be issued, only such amount shall be issued as may be necessary to refund or to pay and discharge applicant's obligations and accrued interest thereon, as follows:

(a) Notes dated July 1, 1917, due July 1, 1921, known as the Alpena notes, of the face amount of \$9,555.

(b) Notes to Wm. H. White, James A. White, and Thomas White, of which the amounts and dates of maturity are respectively, (1) January 29, 1921, for \$34,000, (2) January 29, 1921, for \$15,000, and (3) March 8, 1921, for \$30,000.

(c) Purchase price notes for locomotives, face amount of \$1,000, due on the 15th day of each month from January to December, 1921, aggregating \$12,000.

(d) Interest notes due W. H. White Company, aggregating \$30,250.

(e) Accumulated current traffic balances with interchange roads as same now are or may become due when there may not be funds enough in the operating account to pay them when due.

(f) The payment of taxes.

(g) The remainder after complying with the foregoing provisions, and making ample reserve for contingencies under (e), may be issued and used only for some lawful object within applicant's corporate purposes.

It is further ordered, That said notes shall not, except as authorized in this order, be sold, pledged, repledged, or otherwise disposed of by the applicant until otherwise ordered by this Commission.

It is further ordered, That said applicant shall report to this Commission in writing, signed and verified by one of its executive officers having knowledge of the facts, all pertinent facts relating to the issue or issues of said notes as herein authorized within 10 days after such issue or issues.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 194.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
NEW MEXICO CENTRAL RAILWAY COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 14, 1920. Decided February 9, 1921.

1. The New Mexico Central Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the New Mexico Central Railway Company, under the provisions of paragraphs (f) and (g) of section 204, less the amount of payment under certificate No. B-6 dated June 12, 1920, is ascertained to be \$133,979.07, from which there is deductible an amount of \$1,125 due from said New Mexico Central Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

R. C. Ten Eyck for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New Mexico Central Railway Company, hereinafter termed the carrier, a corporation of the state of Delaware, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Santa Fe and Torrance, N. Mex., a distance of approximately 115.70 miles, its lines connecting at Santa Fe, Willard, and Kennedy, N. Mex., with the Atchison, Topeka & Santa Fe Railway, at Santa Fe with the Denver & Rio Grande, and at Torrance with the El Paso & Southwestern Company, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$264,508.77, whereas our examination of the

accounts shows the correct amount for that period to be \$256,419.01. The operated mileage during both the federal control period and the test period was approximately 115.70 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$61,740.42 of the maintenance charge.

We find a net credit of \$194,678.59 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$11,824.52 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness.

Under date of June 12, 1920, the Commission issued its certificate No. B-6 for a partial payment to the carrier in the sum of \$60,699.52, which certificate stated the amount due from the carrier to the President, on account of traffic balances and other indebtedness, to be \$10,699.52. The balance due the carrier under section 204 in reimbursement of deficits during federal control is ascertained to be \$133,979.07, from which there is deductible an additional amount of \$1,125, due from the carrier to the President, on account of traffic balances and other indebtedness accrued since the issuance of our certificate No. B-6. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

*Certificate No. B-31 of the Interstate Commerce Commission under
Section 204 of the Transportation Act, 1920.*

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained that the New Mexico Central Railway Company, a carrier as defined in said section 204, sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the full amount payable to the said New Mexico Central Railway Company, including any and all amounts previously certified under said paragraphs, as hereinafter described is \$194,678.59.

The Commission hereby certifies that its certificate No. B-6 was issued on June 12, 1920, which certified to the Secretary of the Treas-

ury of the United States a payment of \$60,699.52 in favor of the New Mexico Central Railway Company, subject, however, to a deduction of \$10,699.52 due from the New Mexico Central Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness.

The Commission hereby certifies that the amount now payable to the said New Mexico Central Railway Company under the provisions of paragraphs (f) and (g) of said section 204, less the amount of said payment under its certificate No. B-6 dated June 12, 1920, is \$133,979.07, from which there is deductible a further amount of \$1,125 due from said New Mexico Central Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness; and that the amount now payable to the New Mexico Central Railway Company, after making said deduction, is \$132,854.07.

Dated this 9th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1002.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK SOUTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted February 4, 1921. Decided February 9, 1921.

Application granted in part and loan of \$311,000 approved.

G. R. Loyall and W. B. Rodman for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Norfolk Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 26, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in providing itself with equipment and other additions and betterments. On June 21, July 1, and August 26, 1920, the applicant amended and supplemented the application.

In the application as amended and supplemented the applicant sets forth:

1. That the amount of the loan desired is \$685,929.26.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with equipment and other additions and betterments as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
9 secondhand consolidated freight locomotives	\$135,000.00	-----	-----
3 model 060 switching locomotives	87,000.00	-----	-----
Total new equipment.....	222,000.00	\$111,000.00	\$111,000.00
Reconstructed freight cars:			
275 60,000-pound box cars.....	461,673.07	86,743.81	374,929.26
34 60,000-pound flat cars.....			
32 80,000-pound flat cars.....			
22 60,000-pound gondola cars.....			
46 80,000-pound gondola cars.....	400,000.00	200,000.00	200,000.00
Additions and betterments to way and structures:			
Changes of grade and alignment.....			
Grand total.....	1,083,673.07	397,743.81	685,929.26

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is a first lien on the equipment and pledge of \$200,000 of applicant's first and refunding mortgage 50-year 5 per cent gold bonds, due 1961.

6. That the extent to which the public convenience and necessity will be served by the loan is that demands for transportation will be met and efficiency of operation promoted.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant in the amounts and for the purposes hereinbefore set forth.

Consideration of the loan for reconstructed freight-train cars is deferred.

The applicant proposes to finance 50 per cent of the estimated cost of additions and betterments. The certificate will provide that the entire loan for additions and betterments, together with the entire amount to be financed by the applicant for additions and betterments, shall have been expended or definitely obligated for said purposes, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922.

After investigation we find that the making in part of the proposed loan by the United States for the purposes and in amounts as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
Equipment:			
9 secondhand consolidated freight locomotives	\$135,000.00	.....	.....
3 model 060 switching locomotives	87,000.00	.....	.....
Total	222,000.00	\$111,000.00	\$111,000.00
Additions and betterments to way and structures:			
Regrading and realignment	400,000.00	200,000.00	200,000.00
Total	622,000.00	\$311,000.00	\$311,000.00

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obliga-

tions in connection with such loan, and reasonable protection to the United States, and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 43 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$311,000, in two parts as hereinafter set forth, by the United States to the Norfolk Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$311,000.

4. That the time from the making thereof within which the entire loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in two parts in the order set forth as follows: (1) The first part of the loan shall be in the amount of \$111,000, shall be repaid in 10 equal annual installments of \$11,100 consecutively in 1 to 10 years from the date of this part of the loan and shall be secured by the pledge of \$222,000, principal amount, of applicant's first-lien 6 per cent equipment-trust notes, issued under an equipment-trust indenture dated October 22, 1920, and executed by the applicant to the Equitable Trust Company of New York as trustee. Said equipment-trust notes dated October 22, 1920, mature October 22, 1931, are in denomination of \$1,000 and are numbered 1 to 222, inclusive; (2) the second part of the loan shall be in the amount of \$200,000, shall be made in four equal installments of \$50,000, each of which shall mature 10 years from the making thereof, and shall be secured when and as the several installments of the loan are made by the pledge pro rata of \$200,000, principal amount, of applicant's first and refunding mortgage 5 per cent gold bonds, due

1961, issued under an indenture of mortgage, dated February 1, 1911, and executed by the applicant to the Central Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due August 1, 1921, and subsequent coupons attached, are in denomination of \$1,000 and are numbered 15209 to 15408, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any portion of the loan before maturity, provided, however, that none of the collateral security for the loan shall be released from pledge until the entire loan shall have been repaid in full.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 3d day of November, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan

for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the applicant for additions and betterments, shall have been expended or definitely obligated for said purposes, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 9th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1160.

IN THE MATTER OF THE APPLICATION OF THE
ILLINOIS CENTRAL RAILROAD COMPANY AND THE
CHICAGO, ST. LOUIS & NEW ORLEANS RAILROAD COM-
PANY FOR AUTHORITY TO ISSUE AND PLEDGE JOINT
FIRST REFUNDING MORTGAGE BONDS.

Submitted December 24, 1920. Decided February 9, 1921.

Authority granted (1) to issue \$3,708,000 of Illinois Central Railroad Company and Chicago, St. Louis & New Orleans Railroad Company joint first refunding mortgage bonds to reimburse the treasury of the Illinois Central Railroad Company for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans Railroad Company and the Canton, Aberdeen & Nashville Railroad Company; and (2) to pledge said bonds as security for short-term loans of the Illinois Central Railroad Company.

W. S. Horton for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Illinois Central Railroad Company and the Chicago, St. Louis & New Orleans Railroad Company, applicants, common carriers by railroad engaged in interstate commerce, seek authority under section 20a of the interstate commerce act to issue \$3,708,000 Illinois Central Railroad Company and Chicago, St. Louis & New Orleans Railroad Company joint first refunding mortgage bonds to reimburse the treasury of the Illinois Central Railroad Company for advances made for additions and betterments to the properties of the Chicago, St. Louis & New Orleans Railroad Company and the Canton, Aberdeen & Nashville Railroad Company by the Illinois Central Railroad Company; and authority for the Illinois Central Railroad Company to pledge these bonds immediately and from time to time thereafter, as security for the payment of short-term notes. Substantially all the stock of the Canton, Aberdeen & Nashville Railroad Company is owned by the Chicago, St. Louis & New Orleans Railroad Company, and substantially all the stock of the latter company is owned by the Illinois Central Railroad Company, which also leases and operates both these roads.

The Illinois Central Railroad Company and Chicago, St. Louis & New Orleans Railroad Company joint first refunding mortgage, a copy of which is on file in this proceeding, was made by the Illinois Central Railroad Company, the Chicago, St. Louis & New Orleans Railroad Company, and the Canton, Aberdeen & Nashville Railroad Company to the Farmers Loan & Trust Company, trustee, and is dated December 1, 1913. It covers the railroad properties of the said Chicago, St. Louis & New Orleans Railroad Company and the Canton, Aberdeen & Nashville Railroad Company. The Illinois Central Railroad Company joined in the execution of this mortgage for the purpose of agreeing to execute and to pay the principal and interest of the bonds issued thereunder.

Between January 1, 1919, and October 31, 1920, there was expended for additions and betterments on the Chicago, St. Louis & New Orleans Railroad and the Canton, Aberdeen & Nashville Railroad, \$3,708,913.43, as appears from statements accompanying the application. The money for these expenditures was advanced by the Illinois Central Railroad Company, and these bonds are to reimburse its treasury for such advances.

The application was made under oath and signed and filed on behalf of the applicants by one of their executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicants operate. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by applicants of not to exceed \$3,708,000 of said bonds under and pursuant to the terms of the aforesaid mortgage, and the pledging and repledging of such bonds, from time to time, by the Illinois Central Railroad Company, as security for the payment of notes to be issued by it, maturing not more than two years after the date thereof, and aggregating (together with all other then outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of the securities of the Illinois Central Railroad Company then outstanding, which notes the Illinois Central Railroad Company is by law exempted from securing our authority to issue, (a) are for lawful objects within their corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by said carriers of service to the public as common carriers, and which will not impair their ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Illinois Central Railroad Company and Chicago, St. Louis & New Orleans Railroad Company be, and they are hereby, authorized to jointly issue for the purpose of reimbursing the treasury of the Illinois Central Railroad Company for advances to the Chicago, St. Louis & New Orleans Railroad Company and the Canton, Aberdeen & Nashville Railroad Company for expenditures made by them, respectively, upon their properties for additions, improvements, and betterments thereof and thereto, not to exceed \$3,708,000 of Illinois Central Railroad Company and Chicago, St. Louis & New Orleans Railroad Company joint first refunding mortgage bonds, to bear interest at not exceeding 5 per cent per annum, payable semiannually on July 1 and December 1 of each year, and maturing December 1, 1963, subject to the terms and conditions of a certain joint first refunding mortgage made December 1, 1913, jointly by the Illinois Central Railroad Company and the Chicago, St. Louis & New Orleans Railroad Company and the Canton, Aberdeen & Nashville Railroad Company, to the Farmers Loan & Trust Company, trustee.

It is further ordered, That the Illinois Central Railroad Company until otherwise ordered, be, and it is hereby, authorized to pledge and repledge said bonds, in the proportion of not to exceed \$133.33 $\frac{1}{3}$ of principal amount at the time of pledge thereof to each \$100 of obligation to secure which the pledge is made, from time to time, as may be necessary, as security for the payment of notes issued by it maturing not more than two years after the respective dates thereof and aggregating (together with all other then outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of its securities then outstanding, and which by law the Illinois Central Railroad Company may issue without authorization of this Commission, but the issue of which, as provided by paragraph (9) of section 20a of the interstate commerce act, it shall, from time to time, report to this Commission, within 10 days thereafter; the proceeds of such loans to be used only for some lawful object within its corporate purposes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by applicants, or either of them, unless and until otherwise ordered by this Commission.

It is further ordered, That either of said applicants shall report to this Commission in writing, signed and verified by one of its executive officers having knowledge of the facts, all pertinent facts relating to or connected with the issue, sale, pledge, or repledge, of any of said bonds by either of them, respectively, and of the payment, redemption, discharge, or release from pledge, respectively, of the same, within 10 days after they or any of them shall have been so issued, sold, pledged, repledged, paid, redeemed, or discharged or released from pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to such bonds or notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1161.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO PLEDGE REFUNDING MORTGAGE BONDS.

Submitted December 24, 1920. Decided February 10, 1921.

Authority granted to pledge from time to time \$20,234,000 of its refunding-mortgage 4 per cent gold bonds, as security for the payment of current short-term loans.

W. S. Horton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to pledge or repledge, from time to time, \$20,234,000 of its refunding-mortgage 4 per cent gold bonds, or any part thereof, as security for such note or notes as may be issued by the applicant within the limitations prescribed by paragraph 9 of section 20a of the interstate commerce act.

These bonds were nominally issued in 1913, under the refunding mortgage made by applicant to the Guaranty Trust Company of New York, trustee, November 1, 1908, which authorizes the issue of \$120,000,000 bonds to be secured thereby, and which is on file in this proceeding. Section 4 of article 2 of this mortgage provides that \$28,234,000 par value of such bonds shall be used for the purpose of funding indebtedness of applicant, paying for constructing, completing, improving, or maintaining its lines of railroad, or for other corporate purposes for which the proceeds of such bonds may be lawfully used. The bonds involved in this proceeding are a part of those so reserved.

It appears that the \$20,234,000 bonds in question were lawfully issued and are valid and subsisting obligations of applicant, and that their use for the purposes requested is authorized by the terms of the mortgage under which they were issued.

The application and supplemental application were respectively made under oath and signed and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the in-

terstate commerce act, notice of the filing of the application and supplemental application has been given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed pledging immediately and from time to time thereafter, and repledging from time to time, of the said \$20,234,000 refunding-mortgage 4 per cent gold bonds, or any part thereof, as security for or payment of short-term loans for the current uses and necessities of the company (*a*) are for a lawful object within the corporate purposes of the applicant and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Illinois Central Railroad Company be, and it is hereby, authorized to issue not exceeding \$20,234,000 of its refunding-mortgage 4 per cent gold bonds, or any part thereof, in accordance with and pursuant to the terms of its refunding mortgage to the Guaranty Trust Company of New York, trustee, dated November 1, 1908, a copy of which mortgage is on file in this proceeding, said bonds to be issued under date of November 1, 1908, to bear interest from date of issue at the rate of 4 per cent per annum, payable semiannually on the 1st day of May and November, respectively, in each year, to mature on the 1st day of November, 1955, said bonds having heretofore been nominally issued and a portion thereof having been pledged prior to June 28, 1920.

It is further ordered, That the Illinois Central Railroad Company until otherwise ordered be, and it is hereby, authorized to pledge and/or repledge, from time to time, part or all of said bonds, when and as necessary, as security in whole or in part for (1) an advance or advances to the applicant under section 209 of the transportation act, 1920; (2) a loan or loans to the applicant from the United States under section 210 of said act, as amended; and (3) any note or notes hereafter issued by the applicant, which are required to be reported to this Commission in certificates of notification by para-

graph (9) of section 20a of the interstate commerce act, for the issue of which authority of the Commission need not be first obtained, the pledge of said bonds as security for such note or notes to be in the proportion of not exceeding \$300 of bonds for each \$200 of notes.

It is further ordered, That, except as herein authorized to be pledged and/or repledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until so authorized by the future order of the Commission.

It is further ordered, That the Illinois Central Railroad Company shall report to the Commission in writing, signed and verified by one of its executive officers having knowledge of the facts, all pertinent facts relating to or connected with the pledge or repledge of any of said bonds, and of the payment, redemption, discharge, or release from pledge, respectively, of the same, within 10 days after they or any of them shall have been so pledged, repledged, paid, redeemed, or discharged or released from pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to such notes or bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1184.

IN THE MATTER OF THE APPLICATION OF THE INDIANA HARBOR BELT RAILROAD COMPANY FOR AUTHORITY TO ISSUE A NOTE IN RENEWAL OF A NOTE.

Submitted January 29, 1921. Decided February 12, 1921.

Authority granted to issue a promissory note for \$23,020, dated January 15, 1921, bearing interest at the rate of 6 per cent per annum, payable one year after date to the order of Walter E. Meyn, in renewal of a promissory note for a like amount due January 15, 1921.

Robert J. Cary for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Indiana Harbor Belt Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its one-year promissory note for \$23,020, payable to the order of Walter E. Meyn, in renewal of a promissory note for a like amount maturing January 15, 1921.

The note which is to be renewed was given to Walter E. Meyn on January 15, 1920, in payment for a parcel of land at Hammond, Ind., which was to be used for the construction of industrial and interchange tracks. At that time, the cost of the land was fixed at \$23,225, and the note was given for that amount. Subsequently, however, a small portion of the land was dedicated for a public street and the note as given was indorsed with a credit of \$205, so that the value of the note was reduced to \$23,020. This note was by its terms renewable and applicant now desires to exercise that privilege.

The application was made under oath and signed and filed on behalf of the applicant by one of its officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

Applicant asserts that its immediate cash obligations are in excess of cash in hand.

For this reason, we find that the proposed issue of a one-year promissory note for \$23,020 by the applicant (a) is for a lawful object

within the corporate purposes of the Indiana Harbor Belt Railroad Company and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

We further find that the obligation to be created by the issue of said note, together with all other outstanding notes of the applicant of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of the application.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Indiana Harbor Belt Railroad Company be, and it is hereby, authorized to issue as of the date of January 15, 1921, a promissory note for \$23,020, to be dated January 15, 1921, to bear interest at the rate of 6 per cent per annum, and the principal thereof to be payable to the order of Walter E. Meyn, one year after date; said note to be in the form submitted with the application and to be used in renewal of applicant's promissory note for a like amount to Walter E. Meyn, maturing January 15, 1921.

It is further ordered, That, except as herein authorized, said note shall not be sold, pledged or repledged, or otherwise disposed of by the applicant until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall, within 10 days after such issue, report to this Commission all pertinent facts with regard to said note issued in pursuance of the authority herein contained, and the applicant shall likewise report all pertinent facts relating to the payment or satisfaction of said note within 10 days after such payment or satisfaction, each of said reports to be in writing and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1202.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO PLEDGE BONDS AS SECURITY FOR NOTES.

Approved February 14, 1921.

Geo. M. Shriver for applicant.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

Upon further consideration of the application filed in the above-entitled proceeding:

It is ordered, That the ratio in which the Baltimore & Ohio Railroad Company was authorized by our order of February 1, 1921, to pledge and repledge certain bonds as collateral security for any short-term note or notes which it may hereafter issue, be, and it is hereby, modified as follows, that is to say, in the ratio of not exceeding \$150 of its Toledo-Cincinnati division first-lien and refunding mortgage 5 per cent bonds, series B; or \$150 of its refunding and general mortgage 5 per cent bonds, series A; or \$125 of its refunding and general mortgage 6 per cent bonds, series B, for each \$100 of any notes so issued, maturing not more than two years after the date thereof, and aggregating, together with all other then outstanding notes of a maturity of two years or less, not more than 5 per cent of the par value of its securities then outstanding.

It is further ordered, That, except as herein modified, said order of February 1, 1921, shall remain in full force and effect until otherwise ordered.

67 I. C. C.

FINANCE DOCKET No. 1203.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI PACIFIC RAILROAD COMPANY FOR AUTHORITY TO ASSUME OBLIGATION OR LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted January 19, 1921. Decided February 17, 1921.

Authority granted to assume obligation or liability in respect of \$1,836,000 of equipment-trust certificates (1) by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial-Trust Company, trustee, and thereby guaranteeing payment of the principal of the certificates and of dividends thereon at the rate of 6½ per cent per annum; (2) by indorsing upon each certificate its guaranty of such payment; and (3) by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends.

Terms and conditions prescribed.

Edward J. White for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Missouri Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to assume obligation or liability in respect of \$1,836,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into said agreement and into a lease with the trustee thereunder covering the trust equipment, and by indorsing upon each certificate its guaranty of the punctual payment of the principal thereof and dividends thereon. Unexecuted copies of the proposed agreement and lease were submitted with the application.

In order that it may more economically and expeditiously handle traffic on its railroad, the applicant desires to procure the following equipment:

	Estimated cost.	
	Per unit.	Total.
26 freight locomotives, mikado type, numbered 1401 to 1426, inclusive.....	\$70, 975	\$1, 774, 375
15 switching locomotives, 6-wheel type, numbered 9306 to 9320, inclusive.....	41, 250	618, 750
5 passenger locomotives, mountain type, numbered 5308 to 5312, inclusive.....	75, 500	377, 500
5 passenger locomotives, Pacific type, numbered 6440 to 6444, inclusive.....	61, 250	306, 250
Total estimated cost.....		3, 076, 875

We have heretofore approved a loan of \$1,200,000 from the United States to the applicant, under section 210 of the transportation act, 1920, as amended, for the purpose of aiding it in procuring this equipment, and in our certificate No. 64 specified that the remaining \$1,876,875 be so financed by the applicant that the cost to it of any loans from sources other than the United States shall not exceed 7½ per cent per annum, including discounts, attorneys' fees, and all other expenses.

It is proposed that Harry E. Richter and Andrew S. Hannum, termed the vendors, the Commercial Trust Company, termed the trustee, and the applicant shall enter into an agreement under date of February 1, 1921, creating the Missouri Pacific equipment trust, series A, under which the vendors, upon acquiring title to and possession of the equipment from the manufacturers, will convey and deliver the same to the trustee in trust for the equal benefit of the holders of \$1,836,000 of certificates to be issued in accordance with the terms of the agreement.

Simultaneously with the execution of said agreement, the trustee and the applicant will enter into an agreement of lease, also to be dated February 1, 1921, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee (or, in the case of taxes, to the proper taxing authority) rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 60 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes initial payments in cash, as equipment is delivered to the applicant, equal to the difference between the cost to the vendors of such equipment and the principal amount of certificates issuable in respect thereof. Title to the equipment will remain in the trustee until all rent has been paid in conformity with the terms of the lease, whereupon such title will be conveyed to the applicant.

The proposed agreement provides that the trustee may issue the certificates upon deposit of cash equal to the principal amount thereof.

It appears that Kuhn, Loeb & Company have subscribed for the entire issue of certificates at 96 per cent of par and accrued dividends, and that the applicant will pay a sum equal to the discount on the certificates to the vendors, who will deposit the same and the proceeds of the certificates with the trustee.

The trustee will pay to the vendors on delivery of equipment 60 per cent of the cost thereof out of money so deposited and the re

maining 40 per cent of such cost out of the initial payment by the applicant.

Each certificate will entitle the bearer, or registered owner thereof, to an interest in the trust to the amount of \$1,000, and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of $6\frac{1}{2}$ per cent per annum from February 1, 1921, payable semiannually to and including the designated date of maturity. Certificates aggregating \$153,000 will mature on the 1st day of February of each year from 1925 to 1936, inclusive. By the agreement applicant will guarantee prompt payment of the principal of the certificates and of the dividends thereon and it will indorse its guaranty to that effect upon each certificate.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed assumption by the applicant of obligation or liability, as guarantor and otherwise, in respect of the aforesaid equipment-trust certificates (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Missouri Pacific Railroad Company be, and it is hereby authorized to assume obligation or liability in respect to \$1,836,000 of certificates of the Missouri Pacific equipment trust, series A, for the purpose of acquiring possession and use of and, ultimately, title to certain equipment described in the application, each certificate entitling the bearer or registered owner thereof to an interest in said trust and to semiannual dividends thereon at the rate of $6\frac{1}{2}$ per cent per annum, (1) by entering into an agreement with

Harry E. Richter and Andrew S. Hannum, as vendors, and the Commercial Trust Company, as trustee, which will create said trust and provide for the issue of said certificates with attached dividend warrants, by said trustee; and thereby guaranteeing payment of the principal of the certificates and of the dividends thereon, when and as the same shall become due and payable; (2) by indorsing upon each of said certificates its guaranty of such payment of the principal thereof and of the dividends thereon; and (3) by entering into a lease of said equipment with the trustee, and thereby agreeing to pay rent sufficient to pay the principal of such certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application, and the certificates, warrants, and indorsements of guaranty to be substantially in the respective forms set forth in the agreement; said certificates, agreement, and lease to be dated February 1, 1921; and the certificates to be in denominations and to mature, and the dividends thereon to become due and payable, as specified in said agreement and outlined in the report preceding this order; provided, however, (a) that said certificates be sold or otherwise disposed of at such price, not less than 96 per cent of par and accrued dividends; that the total cost of the sale or disposition thereof to the applicant shall not exceed 7.1 per cent per annum on the principal amount thereof, including in such cost the semiannual dividends, discounts, attorneys' fees, and all other expenses of sale in connection therewith; and (b) that none of said certificates shall be sold, pledged, repledged, or otherwise disposed of, nor shall any of their proceeds or any cash deposited with said trustee be used, except as herein authorized.

It is further ordered, That within 10 days after the execution and delivery of said agreement and said lease, there shall be filed with this Commission verified copies of the same in the form in which they were executed.

It is further ordered, That within 30 days after June 30, 1921, and after the close of each period of six months thereafter, the applicant shall report to this Commission in writing all pertinent facts concerning the making of said deposits, the delivery of said equipment, the issue of said certificates, the sale thereof (showing certificates sold, date of sale, to whom sold, terms of sale, proceeds realized therefrom, and disposition made of such proceeds), the payment of the rentals prescribed by said lease, and of the amount of the discount on said certificates, the account or accounts charged therewith, the amounts expended from such rentals and deposits, and the purpose of each such expenditure; such reports to be made periodically,

as herein required, until all of the certificates shall have been retired, each report to be signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States, either as to said certificates, or dividends thereon, or as to any assumption of obligation or liability in respect thereof, by the applicant.

67 I. C. C.

FINANCE DOCKET No. 919.

IN THE MATTER OF THE APPLICATION OF THE ANN ARBOR RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Approved February 18, 1921.

Newman Erb for applicant.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 61.

The Interstate Commerce Commission hereby amends its certificate No. 61, of January 18, 1921, for a loan of \$250,000, by the United States to the Ann Arbor Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by changing the third sentence of subparagraph (a) of paragraph 5 of said certificate No. 61 to read as follows: "Said temporary bond is numbered 33 and is in a principal amount of \$500,000." so that the whole of subparagraph (a) of paragraph 5 of said certificate shall read as follows:

(a) The loan shall be secured by the pledge of \$500,000, principal amount, of applicant's improvement and extension mortgage 30-year 5 per cent gold bond, due May 1, 1941, issued under an indenture of mortgage dated May 1, 1911, executed by the applicant to the Empire Trust Company, of New York, as trustee. Said bond is in temporary form, without coupons, exchangeable for 6 per cent definitive coupon bonds to be issued under a supplemental indenture of mortgage, dated November 1, 1920, executed by the applicant to the Empire Trust Company, of New York, as trustee, amending said indenture of mortgage dated May 1, 1911, hereinabove described. Said temporary bond is numbered 33 and is in a principal amount of \$500,000. Said definitive bonds are to be in denomination of \$1,000, having coupon due May 1, 1921, and subsequent coupons attached, and are to be numbered 1 to 500, inclusive. However, said exchange of bonds shall not be made unless and until the Interstate Commerce Commission further certifies to the Secretary of the Treasury that the issue of said definitive bonds is in accordance with law.

Done at Washington, D. C., this 18th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 972.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE INTERNATIONAL & GREAT NORTHERN RAILWAY COMPANY FOR A LOAN TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted February 9, 1921. Decided February 18, 1921.

Application granted and loan of \$260,750 approved.

Jas. A. Baker and Samuel B. Dabney for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

James A. Baker, receiver of the International & Great Northern Railway Company, hereinafter referred to as the receiver, a carrier by railroad subject to the interstate commerce act, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid in the purchase of equipment and in the making of other additions and betterments, and on September 20, 1920, and January 15, 1921, amended and supplemented the application.

In the application, as amended and supplemented, the receiver sets forth:

1. That the amount of the loan desired is \$260,750.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan, and the uses to which it will be applied are to aid the receiver in providing himself with equipment and other additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by receiver.	Loan by United States.
Equipment:			
4 minkado locomotives, at \$76,000 each.....	\$304,000		
4 switching locomotives, at \$45,625 each.....	182,500		
Total equipment.....	486,500	\$243,250	\$243,250
Additions and betterments to way and structures:			
500 tons new rails, at \$70 per ton.....	35,000	17,500	17,500
Total.....	521,500	260,750	260,750

4. His present and prospective ability to repay the loan and to meet the requirements of his obligations in regard thereto.

5. That the security offered is receiver's certificates of indebtedness of a face amount equal to the amount of the loan.

6. That the extent to which the public convenience and necessity will be served by the loan is that the receiver will be enabled to properly meet the transportation demands upon him.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the property in the control of the receiver, together with such other facts in relation to the propriety and expediency of granting the loan applied for, and the ability of the receiver to make good his obligation as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan of \$312,500 for freight and switching locomotives. The negotiation of the loan and the issuance of the collateral security offered therefor have been authorized by decree of the district court of the United States for the southern district of Texas, Houston division, entered January 4, 1921.

The receiver has proposed to finance 50 per cent of the estimated costs of additions and betterments to be made. The certificate will provide that the entire loan for additions and betterments, together with the entire amount to be financed by the receiver for said purposes, shall have been expended or definitely obligated for said purposes, or the entire loan shall be repaid to the United States, on or before January 1, 1922.

After investigation, we find that the making of the proposed loan by the United States as hereinbefore set forth is necessary to enable the receiver properly to meet the transportation needs of the public; that the prospective earning power of the property in the hands of the receiver, together with the character and value of the security offered, are such as to furnish reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and to meet his other obligations in connection with such loan, and reasonable protection to the United States, and that the receiver is unable to provide himself with the funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 74 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$260,750 by the United States to James A. Baker, receiver of the International & Great Northern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receiver, for the purpose of aiding the receiver in providing himself with new equipment and additions and betterments to way and structures is necessary to enable the receiver properly to meet the transportation needs of the public.

2. That the prospective earning power of the receiver and the character and value of the security offered are such as to furnish reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor and to meet his other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$260,750.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment are:

(a) The loan shall be repaid in equal annual installments of \$52,150, consecutively, in one to five years from the making thereof, and shall be secured by the pledge of receiver's certificates of indebtedness in a principal amount equal to the amount of the loan. Said receiver's certificates of indebtedness shall be substantially in the form set forth in a certain decree of the United States district court for the southern district of Texas, Houston division, entered of record the 4th day of January, 1921, in the case entitled *Central Trust Company of New York* (now the Central Union Trust Company of New York) *v. The International & Great Northern Railway Company, et al.*, cause No. 49 in equity. The obligations evidencing the loan shall be further secured as provided in said order.

(b) The receiver may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the

applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The receiver shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore as security for this loan or any other obligation of the receiver to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any or all such loans.

(e) The receiver has agreed in an instrument in writing, dated the 6th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the receiver in connection with the loan shall be so financed that the cost to him of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; (3) the receiver shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of his chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the receiver for additions and betterments, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the receiver has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the earning power of the receiver, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the receiver's ability to repay

the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the receiver, in the opinion of the Commission, is unable to provide himself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 18th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 1033.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIA SOUTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Approved February 18, 1921.

H. G. Buchanan for applicant.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 66.

The Interstate Commerce Commission hereby amends its certificate No. 66, of January 26, 1921, by changing the first sentence of subparagraph (b) of said certificate No. 66 to read as follows:

The loan shall be further secured by the unrestricted indorsement and guaranty, as to both principal and interest, of the Marion & Rye Valley Railway Company.

Done at Washington, D. C., this 18th day of February, 1921.

67 I. C. C.

FINANCE DOCKET No. 75.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 14, 1921. Decided February 19, 1921.

Proposed construction by the Western Pacific Railroad Company of a branch line of railroad 1.75 miles in length, in Butte county, Calif., held not to be within the scope of paragraph (18) of section 1 of the interstate commerce act. Proceeding dismissed.

Lester J. Hinsdale for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Western Pacific Railroad Company, a carrier by railroad subject to the interstate commerce act, on September 25, 1920, filed with us an application under paragraph (18) of section 1 of said act for a certificate of public convenience and necessity authorizing it to construct a branch line of railroad in Butte county, Calif.

The proposed line is to be 1.75 miles in length, extending from the applicant's main line at Bidwell to a point called Bidwell Bar. The branch will terminate in a tract of timber and no station is to be established thereon. The sole purpose of the extension is to reach such tract of timber, which is not at present accessible to any line of railroad. No future extension of the branch is contemplated. The only traffic that will move over the branch will be logs, all owned by one lumber company, which operates a mill at Oroville, about 10 miles from Bidwell, on the applicant's main line. No other shipper will or can be served by the branch. The operation will be purely a switching movement from Bidwell, where the billing of the log shipments, in any event, must be done. No passenger service over the proposed branch will be required.

Upon the facts presented we are of the opinion that the branch line in question, if built to serve the purpose indicated, will be a spur track, within the meaning of paragraph (22) of section 1 of the interstate commerce act, and that paragraphs (18) to (21), inclusive, of said section do not apply to the construction proposed. An order will be entered dismissing the proceeding.

ORDER.

The above matter having been duly considered, and the Interstate Commerce Commission, by Division 4, having on the 19th day of February, 1921, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1204.

IN THE MATTER OF THE APPLICATIONS OF THE
LAKE ERIE & WESTERN RAILROAD COMPANY AND
OTHERS FOR AUTHORITY TO ASSUME OBLIGATIONS
AS GUARANTORS OF NOTES OF THE PEORIA &
PEKIN UNION RAILWAY COMPANY.

Submitted February 12, 1921. Decided February 21, 1921.

Authority granted to assume obligations and liabilities as guarantors by indorsement in respect of the principal and interest of five separate notes aggregating \$1,529,150, to be issued by the Peoria & Pekin Union Railway Company, and payable to the Secretary of the Treasury, the amount of the note to be indorsed by each applicant to be in the same ratio to a loan of \$1,799,000 to said railway company from the United States under section 210 of the transportation act, 1920, as amended, as the amount of capital stock of the Peoria & Pekin Union Railway Company held by that applicant is to the amount of such capital stock now outstanding.

John K. Graves for Lake Erie & Western Railroad Company and Peoria & Eastern Railway Company.

P. B. Warren for Chicago, Peoria & St. Louis Railroad Company.

W. S. Horton for Illinois Central Railroad Company.

James B. Sheean for Chicago & North Western Railway Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lake Erie & Western Railroad Company, the Peoria & Eastern Railway Company, the Chicago, Peoria & St. Louis Railroad Company, the Illinois Central Railroad Company, and the Chicago & North Western Railway Company, common carriers by railroad engaged in interstate commerce, seek authority under section 20a of the interstate commerce act to assume obligations and liabilities as guarantors by indorsement in respect of the punctual payment of the principal and interest of certain notes aggregating \$1,529,150 to be issued by the Peoria & Pekin Union Railway Company, herein termed the railway company, to the Secretary of the Treasury. The notes will bear interest at the rate of 6 per cent per annum, payable semiannually, and mature five years from February 1, 1921.

The applicants own 85 per cent of the capital stock of the railway company, and jointly use its terminal and switching facilities. By

our order entered in *Bond Extension of Peoria & Pekin Union Ry.*, 65 I. C. C., 809, on January 29, 1921, authority was granted to the railway company to extend the maturity of \$1,459,000 of its first-mortgage bonds and \$1,499,000 of its income or second-mortgage bonds for a period of five years from the 1st day of February, 1921. For the purpose of aiding the railway company to meet such bonds held by persons not adhering to the agreement for extension of the maturity date, a loan of \$1,799,000 to said railway company from the United States, under section 210 of the transportation act, 1920, as amended, was approved in our certificate No. 67 in *Loan to Peoria & Pekin Union Ry.*, 65 I. C. C., 801. It was specified, among other things, that certain of the notes to be given to the Secretary of the Treasury in evidence of the loan shall be secured by the unrestricted indorsement and guaranty of the applicants substantially in the form therein set forth. The amounts of the notes to be guaranteed are likewise specified in said certificate, and are in the same ratio to the amount of the loan as the respective interests of the applicants in the capital stock of the railway company are to its total outstanding capital stock, as follows:

	Amount of note.	Percent of stock.
Lake Erie & Western Railroad Company.....	\$179,900	10
Peoria & Eastern Railway Company.....	224,875	12.5
Chicago, Peoria & St. Louis Railroad Company.....	449,750	25
Illinois Central Railroad Company.....	449,750	25
Chicago & North Western Railway Company.....	224,875	12.5
Total.....	1,529,150	85

The applications were made under oath and signed and filed on behalf of the applicants, respectively, by executive officers thereof duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and copies thereof filed with, the governor of each of the states in which the applicants operate. No objection to the granting of the application has been offered by any state authority.

We find that the proposed assumption by the applicants of obligations and liabilities as guarantors by indorsement in respect of the aforesaid notes of the Peoria & Pekin Union Railway Company (a) is for a lawful object within their corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Lake Erie & Western Railroad Company be, and it is hereby, authorized to assume obligation and liability as guarantor by indorsement in respect to the punctual payment of the principal and interest of a note in the face amount of \$179,900, to be issued by the Peoria & Pekin Union Railway Company to the Secretary of the Treasury, maturing in five years from February 1, 1921, and bearing interest at the rate of 6 per cent per annum, payable semiannually.

It is ordered, That the Peoria & Eastern Railway Company be, and it is hereby, authorized to assume obligation and liability as guarantor by indorsement in respect to the punctual payment of the principal and interest of a note in the face amount of \$224,875, to be issued by the Peoria & Pekin Union Railway Company to the Secretary of the Treasury, maturing in five years from February 1, 1921, and bearing interest at the rate of 6 per cent per annum, payable semiannually.

It is ordered, That the Chicago, Peoria & St. Louis Railroad Company be, and it is hereby, authorized to assume obligation and liability as guarantor by indorsement in respect to the punctual payment of the principal and interest of a note in the face amount of \$449,750, to be issued by the Peoria & Pekin Union Railway Company to the Secretary of the Treasury, maturing in five years from February 1, 1921, and bearing interest at the rate of 6 per cent per annum, payable semiannually.

It is ordered, That the Illinois Central Railroad Company be, and it is hereby, authorized to assume obligation and liability as guarantor by indorsement in respect to the punctual payment of the principal and interest of a note in the face amount of \$449,750, to be issued by the Peoria & Pekin Union Railway Company to the Secretary of the Treasury, maturing in five years from February 1, 1921, and bearing interest at the rate of 6 per cent per annum, payable semiannually.

It is ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized to assume obligation and liability as guarantor by indorsement in respect to the punctual payment of the principal and interest of a note in the face amount of \$224,875, to be issued by the Peoria & Pekin Union Railway Company to the Secretary of the Treasury, maturing in five years from February 1,

1921, and bearing interest at the rate of 6 per cent per annum, payable semiannually.

It is further ordered, That there shall be no right of subrogation to any stock, bonds, notes, or other securities, pledged or held as collateral security for the payment of any portion of the principal of the said loan or the interest thereon, unless and until sums equal to the aggregate amount of the principal of said loan and interest thereon and all expenses thereof shall have been received by the Secretary of the Treasury.

And it is further ordered, That within 10 days thereafter, the applicants shall severally report to this Commission all pertinent facts as to the exercise by them of the authority herein granted, said reports to be in writing and signed and verified by executive officers of the applicants, respectively, having knowledge of the facts therein.

67 I. C. C.

FINANCE DOCKET No. 38.

IN THE MATTER OF THE APPLICATION OF THE INTER-
STATE RAILROAD COMPANY FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 18, 1921. Decided February 24, 1921.

Certificate issued authorizing construction of an extension of the Interstate Railroad in Wise and Scott counties, Va.

J. F. Bullitt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Interstate Railroad Company, a common carrier by railroad, engaged in interstate commerce, on August 18, 1920, filed with us its application for a certificate of public convenience and necessity authorizing it to extend its line from Norton, Wise county, Va., to a connection with the Carolina, Clinchfield & Ohio Railway, at a point about 9 miles west of St. Paul, in Scott county, a total distance of about 25 miles, and a branch line therefrom extending from Coeburn up a stream called Tom's Creek, a distance of 15 miles.

Upon receipt of the application, we caused notice thereof to be given to, and a copy filed with, the governor of the state of Virginia, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which the said line of railroad is to be constructed and operated. The Corporation Commission of Virginia filed its recommendation that the application be granted. The applicant made due return to our questionnaire issued under order of June 24, 1920, showing the facts and circumstances with respect to the proposed construction and operation; and the case was submitted for decision on the record, without formal hearing.

The applicant owns and operates about 16 miles of main line between Norton and Appalachia, Va., with approximately 32 miles of branch lines, the whole serving 22 coal mines and 8 coking plants. Its main line parallels the Louisville & Nashville Railroad, hereinafter termed the Nashville, between Norton and Appalachia, and the proposed extensions would parallel the Norfolk & Western Railroad, hereinafter termed the Norfolk, as far west as Coeburn, about 15 miles, as well as a branch of the Norfolk extending up Tom's Creek.

The applicant connects at Appalachia with the Southern Railway, hereinafter termed the Southern, and with the Nashville. None of these trunk lines serve the mines located on applicant's rails, the applicant transporting the coal therefrom and delivering it to the trunk lines. The capital stock of the applicant, except qualifying shares held by its directors, is all owned by the Virginia Coal & Iron Company, which owns about 90,000 acres of coal and timber lands tributary to applicant's lines. Coal comprises about 98 per cent of applicant's present tonnage. In addition to existing mines, there are extensive undeveloped deposits of coal within reach of applicant's lines.

The purpose of the proposed extension, considering only the 25 miles of main line, is to provide an outlet for the traffic from applicant's rails to the Carolina, Clinchfield & Ohio Railway, hereinafter termed the Clinchfield.

The applicant points out, first, that the connection with the Clinchfield would give the mines in question better access to markets in the south as well as a route to the central west and great lakes regions which can not now be entered by the product of these mines because of nearer coal fields enjoying lower rates. The Southern has a route to the south, but it is a road of heavy grades and sharp curves and is generally unsuited to the movement of coal.

Secondly, it is shown that the exchange facilities at the point of connection at Speer's Ferry are not adapted to the transfer of coal from the Southern to the Clinchfield. In 1920 the Clinchfield and the Southern exchanged an average of 144 cars a day at that point. There is a sharp curve and a tunnel at the point of interchange; only a few cars can be handled in one movement, and the cars must be pushed through the tunnel ahead of the engine to a siding for making up the train. There are no facilities for turning an engine at that point and the physical situation is such that the needed changes can not easily be made. The facilities are inadequate for present traffic, to say nothing of probable increases. The proposed route would avoid the line haul over the Southern and would permit delivery of the traffic to the Clinchfield at the connection near St. Paul, where more commodious interchange facilities can be installed, making possible a two-line instead of the present three-line haul.

It is next claimed that the proposed line can deliver traffic to the Clinchfield at the proposed junction in larger volume and at much less expense than is possible for the Norfolk to do at St. Paul; that the latter has steep grades and sharp curves, as well as troublesome tunnels and trestles, between St. Paul and Coeburn; that even if the applicant were granted trackage rights over the Norfolk between those points, large expenditures would be necessary to increase the

capacity of the line and prevent congestion. The connection of the Norfolk at St. Paul is described as having limited capacity and as being incapable of expansion, and it is said that congestion at the yards has frequently made it necessary to set out cars at near-by points. The applicant asserts that the capacity of the Norfolk is entirely insufficient to handle business that will originate on applicant's lines, and that the operating cost on the division in question, as shown by the Norfolk's record, is one and one-half times the average cost for the system.

It is stated that several new mines in the region now served will be opened if the proposed extension is built, but not otherwise, and that this development will within a few years add approximately 2,000,000 tons to the annual output. It is asserted that with this increased tonnage moving over the new line and that of the Clinchfield, the competing lines will still have all the traffic they can handle. It is pointed out that the coal fields of southwest Virginia are developed only to about 32 per cent of their extent, and that the region has some 2,125 acres of coal per mile of railroad.

The applicant's estimate of operating results on the new line for the first year is claimed to be conservative, showing net revenues of \$62,492, on an operating ratio of 77 per cent. The cost of the 25 miles of main line is estimated at \$2,290,000. Thus the probable return for the first year would be about 1.5 per cent. Applicant believes, however, that a much larger net return will be received in later years. It shows, further, that the expansion of existing facilities to the extent required to handle the traffic would cost approximately one-half as much as the proposed extension. Still another consideration is the shortening of the haul by 10 miles as compared with the present haul.

The applicant's contention with respect to its ability to obtain better grades than those of the Norfolk is not sustained by the record, and it is not shown that there will be any material difference in the capacity of the two lines between Coeburn and the point of connection with the Clinchfield.

The branch from Coeburn extending up Tom's Creek would parallel a branch of the Norfolk and serve mines now reached by the latter. It is not claimed that any improvement in local facilities would be afforded thereby, except that the congestion in the yards at St. Paul would be avoided. There is an undeveloped field north of the proposed terminus which its owners desire to open, but which can only be reached by a further extension not at present sought. There is no proof that the Norfolk is unable to handle the traffic originating on its own branch, or that its service is in any respect inadequate. Neither is it apparent that the traffic from the Norfolk

branch contributes materially to the congestion in the yards at St. Paul. There is a suggestion that the proposed branch would furnish a means of moving coal to the lines of the Southern at Speer's Ferry, but, as has been shown, one of the purposes of the main-line extension is to avoid using that connection. It is not shown that the traffic from the mines on this branch would support two lines. There being no proof of any inadequacy in the present service, it follows that no case has been made with respect to the necessity for an additional line up Tom's Creek.

Upon the record presented we find that public convenience and necessity justify the construction of the 25 miles of main line in question. We are, however, unable to make such finding with respect to the 15 miles of branch line included in the application. A certificate authorizing the construction of the main line will accordingly be issued.

Certificate of Public Convenience and Necessity.

This application having been duly submitted, and full investigation of the matters and things involved having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction of an extension of the main line of the said Interstate Railroad Company, commencing at the present terminus of said line at Norton, Wise county, Va., and extending in a westerly direction a distance of about 25 miles to a connection with the Carolina, Clinchfield & Ohio Railway.

It is ordered, That said Interstate Railroad Company is hereby authorized to construct said extension, which shall be completed and placed in operation not later than December 31, 1922.

It is further ordered, That so much of this application as relates to the proposed branch extending from Coeburn in a northerly direction along Tom's Creek, be, and it is hereby, denied.

And it is further ordered, That said Interstate Railroad Company, when filing schedules establishing rates and fares to and from points on said extension, shall refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1124.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY AND THE CALIFORNIA, ARIZONA & SANTA FE RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted January 20, 1921. Decided February 24, 1921.

Certificate issued authorizing the abandonment of a portion of a branch line of railroad in San Bernardino county, Calif.

James L. Coleman for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Atchison, Topeka & Santa Fe Railway Company and the California, Arizona & Santa Fe Railway Company, common carriers by railway engaged in interstate commerce, apply, under paragraphs (18) to (22), inclusive, of section 1 of the interstate commerce act, for a certificate of public convenience and necessity authorizing the abandonment of a portion of a line of railroad and the operation thereof.

The portion of railway line to be abandoned is in San Bernardino county, Calif., and is that part of the Barnwell branch extending from milepost 30, about 0.5 mile north of Barnwell station, through South Ivanpah to Ivanpah, a distance of 15.18 miles. The remainder of the branch, from Barnwell to the main line at Goffs, as well as a spur line between Barnwell and Searchlight, Nev., will remain in the service. The Barnwell branch is owned by the California, Arizona & Santa Fe Railway Company and is operated under lease by the Atchison, Topeka & Santa Fe Railway Company.

The branch was built in 1893 by the Nevada Southern Railway Company as far as Barnwell and was extended to Ivanpah in 1902 by the California Eastern Railway Company, such extension being for the purpose of serving what was then considered a promising territory. No paying properties are developed, however, and all prospecting has long since practically ceased. There is no industry or business activity on the branch, the only inhabitants at Barnwell being five or six persons engaged in prospecting or employed by a

cattle company, while at South Ivanpah are only a few employees of the Los Angeles & Salt Lake Railway, which crosses the Barnwell branch at that point, and two or three other persons. There is no station between Barnwell and Ivanpah. The branch passed to the ownership of the applicants in 1911. Up to the year 1909 daily service was maintained, and thereafter up to 1918 trains were run weekly. Since that time operation has been confined to an occasional movement of ore and live stock, routed to the Los Angeles & Salt Lake line via Barnwell and the connection at South Ivanpah in order to obtain a short haul. This traffic, however, is practically negligible, and wholly insufficient to warrant keeping the line in service. There are no inhabitants at Ivanpah and the few persons living in that section will have available the same service as heretofore over the line of the Los Angeles & Salt Lake Railway, and that road will still interchange freight with the Atchison, Topeka & Santa Fe Railway at Daggett, Calif., where their lines cross.

The cost of that portion of the branch to be abandoned is carried on the applicants' books at \$215,705.72. The line is in bad condition and it is estimated that it would cost \$40,000 to put this portion in safe condition for operation. For the two years ending August 31, 1920, the gross revenues of that part of the branch, allocated thereto on a mileage basis, were \$966.12, while the cost of maintenance and operation for substantially the same period was \$4,921.57. From July 1, 1914, to August 31, 1920, there were only 6 cars of freight moved over the branch to and from Ivanpah, and during the same period 794 cars were transferred to and from the Los Angeles & Salt Lake Railway. The total gross revenues for that period allocated to that portion of the branch were \$6,087.63. There is no indebtedness against this line except the general mortgage of the applicant, the security of which, obviously, will not be impaired, but rather enhanced by the elimination of the operating loss annually incurred.

The application was made under oath and signed and filed on behalf of the applicant by the president of each applicant. As required by paragraph (19) of section 1 of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of California, the only state in which the line to be abandoned is located. The notice of application has also been published for three consecutive weeks in a newspaper of general circulation in San Bernardino county, Calif., the only county in which the line to be abandoned is constructed and operated, as required by the same paragraph. No objection to the granting of the application has been made by the Railroad Commission or other authority of the state mentioned. On the contrary

that commission has already approved the request of the applicants for permission to abandon this portion of their line of railroad.

Since there is little, if any, present need for the service between Barnwell and Ivanpah and slight prospect of any future need, it follows that continued operation, with the resultant losses, is not necessary or justifiable. We therefore find that the present and future public convenience and necessity permit the abandonment of the 15.18 miles of line as prayed for in the application. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been held, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Atchison, Topeka & Santa Fe Railway Company and the California, Arizona & Santa Fe Railway Company, of that portion of the Barnwell branch of the lines of railroad of said companies which extends from milepost 30, about 0.5 mile north of Barnwell station, to the station of Ivanpah, in San Bernardino county, in the state of California, a distance of 15.18 miles.

It is ordered, That the Atchison, Topeka & Santa Fe Railway Company and the California, Arizona & Santa Fe Railway Company be, and they are hereby, authorized to abandon such portion of said line of railroad, to remove the tracks thereof, and to dispose of the salvage therefrom in such manner as may be lawful and proper.

It is further ordered, That the Atchison, Topeka & Santa Fe Railway Company, when filing schedules canceling tariffs with respect to said abandoned line, shall refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1218.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & NASHVILLE RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS, AND OF THE SOUTHEAST & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ASSUME OBLIGATIONS.

Submitted February 8, 1921. Decided February 26, 1921.

Authority granted (1) to the Louisville & Nashville Railroad Company (a) to issue \$3,500,000 of first-mortgage 50-year 6 per cent bonds, to be dated March 1, 1921; and (b) to exchange said bonds, so far as possible, for 6 per cent first-mortgage bonds maturing March 1, 1921, and (c) to sell any remaining bonds to J. P. Morgan & Company at not less than 99 per cent of par; and (2) to the Southeast & St. Louis Railway Company to assume obligations in respect of said bonds by executing a first mortgage upon its property and franchises.

E. S. Jouett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Louisville & Nashville Railroad Company, hereafter termed the Louisville company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$3,500,000 of first-mortgage bonds, and the Southeast & St. Louis Railway Company, hereafter termed the St. Louis company, a corporation organized for the purpose of engaging in transportation by railroad, seeks authority under the same section to assume obligations in respect of said bonds by the execution of a first mortgage upon its property and franchises, a copy of which is filed with the application.

All of the stock of the St. Louis company is owned by the Louisville company, but legal title to the property is held by the St. Louis company. Under a mortgage dated January 27, 1881, the St. Louis company mortgaged its property and franchises to secure the payment of two series of bonds issued by the Louisville company, namely, \$3,500,000 of first-mortgage 6 per cent gold bonds maturing March 1, 1921, and \$3,000,000 of second-mortgage 3 per cent gold bonds maturing March 1, 1980. This mortgage expressly provides that upon maturity of the first-mortgage bonds, the Louisville company in order to retire said bonds may issue a like amount of new first-mortgage bonds bearing the same or a lower rate of interest.

In accordance with this provision, the Louisville company now proposes to issue \$3,500,000 of first-mortgage bonds, to be secured by a first mortgage dated March 1, 1921, between the Southeast & St. Louis Railway Company, Noble C. Butler, and the Illinois Trust & Savings Bank, trustees, and the Louisville & Nashville Railroad Company. The proposed first mortgage conveys to the trustee the same property and franchises as were conveyed in the mortgage of January 27, 1881. The bonds will bear interest at the rate of 6 per cent per annum payable semiannually on the 1st day of March and of September in each year, and will mature March 1, 1971. It is the purpose of the Louisville company to exchange bonds of the new issue at par for maturing bonds with all holders who will agree thereto, and to sell any remaining bonds to J. P. Morgan & Company at not less than 99 per cent of par. The proceeds of this sale are to be devoted solely to the retirement of the matured bonds.

The application was made under oath and signed and filed on behalf of the applicants by executive officers thereof duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the Louisville company operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of \$3,500,000 of said first-mortgage bonds by the Louisville & Nashville Railroad Company and assumption of obligations in respect thereto by the Southeast & St. Louis Railway Company (a) are for lawful objects within their corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as a common carrier, and which will not impair their ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Louisville & Nashville Railroad Company be, and it is hereby, authorized (1) to issue \$3,500,000 of first-mortgage bonds, under and pursuant to, and to be secured by, a certain mortgage to be executed under date of March 1, 1921, by the Southeast & St. Louis Railway Company to Noble C. Butler and the Illinois Trust & Savings Bank, trustees, to which the Louisville &

Nashville Railroad Company is a party, said bonds to be dated March 1, 1921, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of March and of September in each year, and to mature March 1, 1971; (2) to exchange, so far as possible, said bonds at par for its 6 per cent first-mortgage bonds which mature March 1, 1921; and (3) to sell any remaining bonds to J. P. Morgan & Company at not less than 99 per cent of par, the proceeds of such sale to be devoted solely to the retirement of bonds maturing March 1, 1921, and not so exchanged.

It is further ordered, That the Southeast & St. Louis Railway Company be, and it is hereby, authorized to assume obligations in respect of said bonds by executing the aforesaid first mortgage upon its property and franchises to secure the same; said mortgage to be substantially in the form submitted with the application.

It is further ordered, That within 10 days after the execution of said mortgage the said St. Louis company shall file with this Commission a verified copy of the same in the form in which it was executed.

It is further ordered, That upon their retirement by exchange or payment, the bonds maturing March 1, 1921, shall be canceled by the Louisville company.

It is further ordered, That first-mortgage bonds issued in pursuance of the authority herein contained shall not be sold, pledged, repledged, or otherwise disposed of by the Louisville company or by the St. Louis company except as herein authorized.

It is further ordered, That the Louisville company shall report to this Commission all pertinent facts relating to (1) the issue, exchange, and sale of bonds as authorized herein, and (2) the satisfaction and cancellation of the original first-mortgage bonds which mature March 1, 1921; said reports to be in writing, and verified by an officer of the Louisville company having knowledge of the facts; the first report to be made on or before April 1, 1921, and subsequent reports to be made at quarterly intervals thereafter until all of said original first-mortgage bonds shall have been satisfied and canceled.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said bonds, or interest thereon, or as to any assumption of obligations in respect thereof.

FINANCE DOCKET No. 1223.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & NASHVILLE RAILROAD COMPANY FOR AUTHORITY TO ASSUME OBLIGATION OR LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES AND TO SELL SAID CERTIFICATES.

Submitted February 10, 1921. Decided February 26, 1921.

Authority granted (1) to assume obligation or liability in respect to \$11,025,000 of equipment-trust certificates (a) by entering into an equipment-trust agreement, under which the certificates will be issued by the United States Trust Company of New York, trustee, and thereby guaranteeing payment of the principal of the certificates and dividends thereon at the rate of 6½ per cent per annum, and (b) by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends; and (2) to sell or dispose of said equipment-trust certificates at such price that the total cost to the applicant involved in such sale or disposition, including dividends, shall not exceed 7 per cent per annum of the principal thereof.

E. S. Jouett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Louisville & Nashville Railroad Company, a common carrier by railroad engaged in interstate commerce seeks authority under section 20a of the interstate commerce act (1) to assume obligation or liability in respect to \$11,025,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into said agreement and into a lease with the trustee thereunder covering the trust equipment, and (2) to sell said certificates at such price that the applicant's obligations, other than for the payment of the principal, in connection therewith will not be in excess of 7 per cent per annum of the principal amount thereof. Unexecuted copies of the proposed agreement and lease were submitted with the application.

Traffic requirements of the applicant are such that additional equipment is necessary to enable it to render adequate service to the public. Its board of directors has therefore authorized the purchase, through the medium of the proposed equipment trust, of the following:

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	Estimated cost per unit.	Total cost.
Locomotives:		
12 class K-4b Pacific locomotives.....	\$80,363.50	\$724,362.00
16 class J-2 mikado locomotives.....	63,198.00	1,011,168.00
6 class C-1 switching locomotives.....	51,660.12	309,960.72
Passenger-train cars:		
7 all-steel dining cars.....	47,000.00	329,000.00
8 all-steel postal cars.....	29,480.00	88,440.00
8 all-steel baggage cars.....	23,793.00	190,344.00
5 all-steel coaches with middle smoking room.....	35,055.00	175,275.00
15 all-steel straight coaches.....	34,706.00	520,576.00
Freight-train cars:		
100 steel-underframe caboose cars.....	2,950.00	295,000.00
2,000 steel-underframe box cars with steel ends.....	2,362.00	4,724,000.00
100 steel-underframe stock cars.....	2,099.00	209,900.00
300 steel-underframe coke cars.....	2,246.00	673,800.00
300 steel-underframe low-sided gondolas.....	2,267.00	680,100.00
1,500 steel-underframe hopper-bottom coal cars.....	2,413.13	3,619,695.00
500 steel-underframe hopper-bottom coal cars.....	2,412.97	1,206,485.00
Total estimated cost.....		14,933,379.72

In order to provide for the payment of \$11,025,000, or approximately 75 per cent of such total estimated cost, it is proposed that James B. Mabon and G. Beekman Hoppin, called the vendors, the United States Trust Company of New York, termed the trustee, and the applicant enter into an agreement, to be dated March 1, 1921, under the terms of which the vendors, upon acquiring title to and possession of equipment from the manufacturers, will transfer and deliver the same to the trustee in trust for the equal benefit of holders of the trust certificates to be issued in respect thereto by said trust company under the agreement. As and when parcels of equipment shall have been delivered by the vendors to the trustee, the latter will pay to them, or upon their order, an amount not exceeding 75 per cent of the cost of the equipment so delivered, out of a fund to be known as the Louisville & Nashville Railroad equipment trust, series D, which will be created by the deposit with the trustee of the proceeds derived from the sale of the equipment-trust certificates.

Simultaneously with the execution of said equipment-trust agreement, the trustee and the applicant will enter into an agreement of lease, also to be dated March 1, 1921, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 75 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes initial payments in cash, as equipment is delivered to the applicant, equal to the difference between the cost to the vendors of such equipment and the principal amount of certificates issuable in respect thereto. Title to the equipment will remain in the trustee until all rent has been paid in

conformity with the terms of the lease, whereupon such title will be conveyed to the applicant.

The proposed agreement provides that the trustee shall issue certificates of an aggregate par value of \$11,025,000. Each certificate originally issued will evidence the right of the holder to a share in the equipment trust to the amount of \$1,000, and attached thereto will be warrants evidencing the right of the holder to dividends at the rate of 6½ per cent per annum from March 1, 1921, payable semi-annually to and including the designated date of maturity. Certificates aggregating \$735,000 will mature on the 1st day of March of each year from 1922 to 1936, inclusive.

Sale of the certificates to J. P. Morgan & Company is proposed to be made at such price that the cost to the applicant, including dividends, shall not exceed 7 per cent per annum of the principal amount of the certificates.

By the terms of certain of applicant's outstanding mortgages, it is provided that existing and after-acquired equipment should be subject thereto. The applicant has agreed to furnish to us, on or before June 21, 1921, full and complete information relating to the status of its equipment covered by those mortgages, and if any impairment of such equipment is found to exist, to make good such impairment.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that (1) the proposed assumption by the applicant of obligation or liability in respect of \$11,025,000 of equipment-trust certificates by the execution of an equipment-trust agreement and lease of the trust equipment thereunder, and (2) the proposed sale of said certificates (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions

thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Louisville & Nashville Railroad Company be, and it is hereby, authorized to assume obligation or liability in respect of \$11,025,000 of certificates of the Louisville & Nashville Railroad equipment trust, series D, for the purpose of acquiring possession and use of and, ultimately, title to certain equipment described in the application, each certificate entitling the holder thereof to an interest in said trust and to dividends thereon at the rate of 6½ per cent per annum; (1) by entering into an agreement with James B. Mabon and G. Beekman Hoppin, as vendors, and the United States Trust Company of New York, as trustee, which will create said trust and provide for the issue of said certificates with attached dividend warrants, by the trustee; and thereby guaranteeing payment of the principal of such certificates and of the dividends thereon, when and as the same shall become due and payable; and (2) by entering into a lease of said equipment with the trustee and thereby agreeing to pay rent sufficient to pay the principal of such certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application, and the certificates and dividend warrants to be substantially in the respective forms set forth in the agreement; said certificates, agreement, and lease to be dated March 1, 1921; and said certificates to be in denominations and to mature, and the dividends thereon to become due and payable, as specified in the agreement and outlined in the aforesaid report.

It is further ordered, That within 10 days after the execution and delivery of said agreement and said lease, there shall be filed with this Commission verified copies of the same in the form in which they were executed.

It is further ordered, That the Louisville & Nashville Railroad Company be, and it is hereby, authorized to sell or dispose of said trust certificates at such price that the total cost to the applicant involved in the sale or disposition thereof shall not exceed 7 per cent per annum of the principal amount of the certificates sold or disposed of, including in such cost the dividends and discounts, attorneys' fees, and all other expenses of sale in connection therewith, the proceeds of such sale to be used solely in procurement of equipment as set forth in the application.

It is further ordered, That none of said certificates shall be sold, pledged, repledged, or otherwise disposed of by the applicant, except as herein authorized.

It is further ordered, That for each six months' period ending June 30 and December 31 in each year, the applicant shall, within 30 days

after the close of such periods, report to the Commission in writing all pertinent facts concerning the delivery of the equipment, the issue of certificates, the sale thereof (showing certificates sold, date of sale, to whom sold, terms of sale, proceeds realized therefrom, and disposition made of such proceeds), payment of the rentals prescribed by said lease and of the amount of discount on said certificates, the account or accounts charged therewith, the amounts expended from said rentals and the purpose of each such expenditure; said reports to be made periodically as herein required until all of said certificates shall have been retired, and each report to be signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States as to said certificates or dividends thereon.

67 I. C. C.

FINANCE DOCKET No. 1069.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY FOR APPROVAL OF ITS PROPOSED FIRST AND REFUNDING MORTGAGE AND FOR AUTHORITY TO ISSUE CAPITAL STOCK AND FIRST AND REFUNDING MORTGAGE BONDS.

Submitted January 4, 1921. Decided February 28, 1921.

1. Authority granted to issue \$60,000,000, par amount, of capital stock.
2. Authority to issue \$109,000,000, principal amount, of first and refunding mortgage bonds denied.

O. M. Spencer for applicant.

Charles W. Bunn for Northern Pacific Railway Company, *Ralph Budd* and *E. C. Lindley* for Great Northern Railway Company, and *Robert J. Frank* in person, stockholders.

John E. Benton for National Association of Railway and Utility Commissioners.

Glenn E. Plumb for organized railway employees.

Morton F. Culver and *W. E. Trautmann*, assistant attorneys general of Illinois, for state of Illinois and attorney general of Illinois.

W. M. Hammond for state of Illinois and Public Utilities Commission of Illinois.

Thomas L. Hall and *Hugh LaMaster*, assistant attorney general of Nebraska, for Nebraska State Railway Commission.

Benjamin C. Marsh for Farmers National Council.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The Chicago, Burlington & Quincy Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks approval under section 20a of the interstate commerce act of its first and refunding mortgage and authority to issue \$60,000,000 par amount of capital stock and \$109,000,000 of first and refunding mortgage bonds. The application was made under oath, signed, and filed on behalf of applicant by one of its executive officers, and notice thereof was given to and a copy thereof filed with, the governor of each state in which applicant operates. No objection to the granting of the application was made directly by any state authority other than the Nebraska State Railway Commission. Hearings were had and the Northern

Pacific Railway and Great Northern Railway appeared in support of the application.

The applicant owns 8,948 miles and operates 9,372 miles of steam railroad, extending from Chicago, Ill., southwesterly to St. Louis and Kansas City, Mo., Omaha, Nebr., and Denver, Colo., and northwesterly to St. Paul and Minneapolis, Minn., and Billings, Mont., with a line connecting Billings and Denver, another from Chicago to the southern Illinois coal fields, and numerous other branches and feeders. It has extensive and valuable terminals in Chicago, St. Louis, Kansas City, Omaha, Denver, and St. Paul, expensive bridges over the Mississippi, Missouri, and Platte rivers, modern buildings and equipment, and a large and well-established interchange of traffic with its connections. It operates in 11 states and serves a prosperous and well-developed territory.

The applicant is an Illinois corporation and the railroads incorporated in other states which it now operates have been conveyed to it in fee simple. In 1901 the Great Northern Railway and the Northern Pacific Railway jointly acquired control of applicant's system by the purchase of \$108,000,000, or 96.79 per cent, of its capital stock, giving in payment therefor their joint 4 per cent bonds maturing in 1921 and pledging the stock acquired as collateral security.

The applicant has outstanding \$110,839,100 of capital stock and \$174,040,800 of bonds, of which latter \$168,050,000 is in the hands of the public. The greater part of its funded debt is issued under three mortgages.

The applicant's Nebraska extension mortgage is a lien upon 269.16 miles of road, and is secured by deposit of \$23,494,000 of first-mortgage bonds on 1,201.84 additional miles of subsidiary companies which have conveyed their roads to the applicant. There have been issued thereunder to reimburse the treasury for expenditures for extensions of lines \$29,441,000 of 4 per cent bonds maturing in 1927, sold at prices ranging from 84.5 to 95.12, netting \$26,843,383.40. Discounts thereon of \$2,597,616.60 were charged to construction. Of these bonds, \$20,024,000 are outstanding, \$18,294,000 in the hands of the public, and \$1,730,000 in the applicant's treasury.

The applicant's Illinois division mortgage covers 1,646.4 miles of road. There have been issued thereunder \$85,000,000 in bonds maturing in 1949, \$56,000,000 to be used to retire prior bond issues, the remainder to reimburse the treasury, \$15,000,000 being for expenditures for construction and acquisition of roads before July 1, 1899, and \$14,000,000 being for additions and betterments subsequent to that date. Some \$50,835,000 of these bonds bearing interest at 3.5 per cent were sold at prices ranging from 75 to 103.5, netting \$45,992,235. Discounts thereon of \$1,088,975 were charged to construc-

tion and of \$3,753,790 to profit and loss. Some \$34,165,000 of 4 per cent bonds were sold at from 98.5 to 104.5, netting \$35,228,505. Discounts thereon of \$9,880 were charged to construction and \$1,073,385 of premiums were credited to profit and loss. Of the 3.5 per cent bonds, \$384,000, and of the 4 per cent, \$189,000, are in the applicant's treasury. The remaining bonds of both issues are in the hands of the public.

A general mortgage maturing in 1958 covers substantially all of applicant's railway property existing in 1908, being a first lien on more than 5,000 miles of road. It is so limited that not over \$300,000,000 can be outstanding thereunder at any one time, and that bonds can not bear over 5 per cent interest. There have been issued thereunder and are outstanding \$65,247,000 of 4 per cent bonds which were sold at from 91.5 to 100, netting \$62,444,450. Discounts thereon of \$2,802,550 are being amortized from income during the life of the bonds. Before the passage of the transportation act, 1920, the Public Utilities Commission of Illinois authorized the issue of \$121,378,000 of general-mortgage 4 per cent bonds. Of this amount \$2,252,000 have been issued, leaving \$119,126,000 unissued, of which \$9,873,000 are in the applicant's treasury and \$109,253,000 remain unexecuted.

The applicant's investment in road and equipment as shown in its accounts is \$503,745,837.57. Its outstanding securities amount to \$284,879,900, leaving a book surplus of \$218,865,937. The applicant contends that it has an actual surplus materially in excess of that figure which does not take into account investments in property other than road and equipment, and does not include any sum in consideration of its guaranty under section 209 of the transportation act, 1920. It asserts that the value of its physical property upon the basis provided in section 19a of the interstate commerce act amounts to \$572,800,000, or about \$70,000,000 more than the total shown as investment in road and equipment. Depreciation on its equipment has been charged to the amount of \$48,514,239.62. The applicant states that since July 1, 1901, it has invested out of earnings \$189,070,776.12 in additions and betterments to its property, only a small portion of which was expended for nonrevenue-producing assets; that it has in addition used earnings to retire bonds expending \$191,348,478.49, properly chargeable to its capital account, no part of which has been capitalized. During that time the applicant has increased its mileage from 7,600 to 8,900 miles. The total mileage owned and operated has increased from 7,700 to 9,300 miles. Second track has been increased from 425 to 1,000 miles and yard track and sidings from 1,700 to 3,200 miles. The tons of traffic handled have increased from 17,000,000 to 49,000,000; the ton-miles from 3,800,000,000 to 14,000,000,000; the density ton-miles per mile of line from 582,000 to

1,483,000; the trainload from 200.43 to 722.19 tons; the carload from 12.5 to 26.5 tons. The applicant has during this time reduced its funded debt and now has securities in the hands of the public totaling only \$31,164 per mile of road.

Objectors do not deny the existence of property value used and useful in rendering the public service materially in excess of the applicant's present capitalization, and do not question the nature of the expenditures involved. They question the right of a public service corporation to declare dividends from invested surplus acquired from earnings during a period when the stockholders were receiving regularly a fair dividend upon the outstanding capital.

The applicant's net income applicable to dividends for the past 10.5 years has been as follows:

Period.	Amount.	Period.	Amount.
Year ending 1910.....	\$13,308,746.18	Year ending 1917.....	28,009,001.57
Year ending 1911.....	16,843,762.73	Year ending 1918.....	15,947,881.56
Year ending 1912.....	14,106,753.78	Year ending 1919.....	16,531,229.51
Year ending 1913.....	19,430,745.89		
Year ending 1914.....	17,114,407.14	Total for 10.5 years.....	202,490,286.25
Year ending 1915.....	17,288,912.63	Average per year.....	19,284,789.17
18 months ending 1916 ¹	43,878,845.26		

¹ 18-months period due to change in report year.

Notwithstanding this large net income available for distribution among the stockholders, the average of all dividends paid from 1901 to 1920 was 8.51 per cent upon the abnormally low capitalization and 3.916 per cent upon the average property investment in excess of all outstanding bonds.

There is no proof that this income is the result of excessive rates. Traffic has been carried by the applicant at rates controlled by state or interstate regulatory bodies, substantially the same as those applicable over competing lines. Nor is there any proof that the total return upon the fair value of the applicant's property has been excessive. Its right to capitalize \$119,000,000 of the surplus has, in fact, been recognized by the Public Utilities Commission of Illinois, the state of its incorporation, under express statutory provision. A five-year statutory limitation prevented that body from considering surplus accumulated during an earlier period.

The applicant points out that its present financial structure is inadequate for present and future needs. Its Nebraska extension and Illinois division mortgages are closed, and its general mortgage so limited that its use is impracticable under present conditions. The execution of a new mortgage subject to these existing liens would be futile. It now proposes to close the general mortgage without issuing further bonds under it, and to execute a 50-year first and refunding mortgage to secure coupon bonds to be issued in series

at interest rates, and redeemable at times and on terms to be determined by the directors at the date of issuance, subject to our approval.

Under the general mortgage, \$175,000,000 of bonds were reserved to refund \$168,501,000 of prior-lien bonds at premiums not exceeding \$6,499,000; and bonds were issuable thereunder as follows: \$2,000,000 to finance such refunding, \$45,000,000 to reimburse for expenditures before 1908, and the remainder for future additions and betterments. It is stated that only \$78,000,000 could be issued for the last-mentioned purpose. But there is evidence that only \$139,744,000 of such bonds are now reserved for refunding purposes, and the amount necessary therefor would seem to be even less. Of the original \$169,501,000 of prior-lien bonds, \$46,728,000 have matured and presumably been retired, leaving \$121,773,000, of which there is reason to believe \$12,268,000 have been retired. If so, the only remaining prior liens are the Nebraska extension and Illinois division mortgages, to refund which at maturity, par for par, only \$102,800,000 would be needed. But the aggregate amount of bonds now outstanding under those mortgages is \$105,024,000. Therefore, if all prior-lien bonds have been, or shall be, refunded at par without expense to the applicant, \$129,729,000 of bonds would be issuable now under the general mortgage which, with the \$65,247,000 outstanding and \$105,024,000 reserved for refunding, would close said mortgage.

The applicant points out that bonds under its general mortgage could not bear more than 5 per cent interest, and if they could be marketed at all, would have to be sold at heavy discount, and that they would not be redeemable before 1958. It is shown that the amount of bonds issuable under that mortgage would not meet applicant's needs for additions and betterments at the current rate beyond 1933, and if the proposed dividend were paid would not meet requirements beyond 1929. It is contended that the proposed financial program would better the applicant's credit and strengthen its position.

Authority is sought to issue \$109,000,000 of first and refunding mortgage bonds at 6 per cent, \$29,000,000 thereof to be used for future additions and betterments subject to our approval and \$80,000,000 thereof to be held free in the applicant's treasury for any lawful use, including issuance as dividends. It appears that they would be used solely for dividend purposes and if authorized would be distributed among the stockholders.

Applicant calls attention to the necessity of refunding on July 1, 1921, \$215,227,000 of its controlling roads' joint 4 per cent bonds given in payment for its stock, and points out that practically all of its proposed bond issue if authorized would be available to those

roads for use in meeting that obligation, thus materially reducing their fixed charges. It points out that as the controlling roads are its principal stockholders it is their foregoing of dividends which has produced its invested surplus. It contends that its own increase in fixed charges would be offset by the material advantage resulting to its established connections. It shows that the proposed financing would slightly reduce its ratio of bonds to stock, placing it substantially upon the basis of 1.5 to 1, and would not so increase fixed charges as to impair the applicant's ability to serve the public.

Objectors contend that the applicant should not be permitted to increase its fixed charges without a showing of resulting benefit to applicant. The issuance of the proposed bonds at this time would materially increase the interest burden without apparent necessity. The interest rate at the time of the above-mentioned expenditures from surplus was not in excess of 4 per cent. Authorization of bonds at that rate at the present time would seem inexpedient. Division of that part of the surplus not needed for ordinary surplus purposes by means of stock appears more in accord with the welfare of the applicant and the public.

Both the wisdom and legality of the joint acquisition and ownership of the Burlington by the Great Northern and the Northern Pacific are questions foreign to this proceeding and therefore require no consideration on this occasion.

While we do not minimize the advantages derived by the applicant from its connections with the northern lines, we are not convinced that the continuance of those connections is dependent upon the issuance of the proposed bond dividend. The general advantages of minimizing fixed charges in refunding the joint 4s are apparent, but we can not share applicant's apprehensions relative thereto. The northern lines enjoy a position relatively favorable to financing such a refunding. The value back of the applicant's stock renders it desirable collateral security. No evidence has been introduced which convinces us that the refunding could not be accomplished at a reasonable rate by the issuance of bonds of the Great Northern and Northern Pacific secured by mortgage and the pledge of the applicant's stock.

Confusion has been injected into this case by the failure to distinguish between the issuance of bonds to reimburse the treasury from the proceeds thereof for expenditures for additions and betterments and the issuance of bonds from invested surplus for dividend purposes. We can not accept the applicant's argument which finds in the Illinois commission's approval of the issuance of 4 per cent or 5 per cent bonds to reimburse applicant's treasury for expenditures for

additions and betterments, a sanction of a dividend of 6 per cent bonds. It is true that body's authorizations contained no express prohibitions against such a dividend, but each of its orders provided that the bonds should be sold and a majority of the orders specified sale for cash; all required that the proceeds be applied to specified purposes. One order made optional the pledge of the bonds. The Illinois statute enumerated the purposes for which a public service company might issue securities without including the issuance of dividends, and expressly stated that securities might be issued for no other purposes. Nor is it certain that the question before the Illinois commission was wholly analogous to that here presented, for the approval of a bond issue during a normal period differs materially from approval of an issue at an abnormal rate at an abnormal time, when the only material advantage anticipated inures to parties other than the applicant.

The applicant seeks authority to issue \$60,000,000 additional capital stock as a necessary basis for the proposed mortgage, under which the aggregate amount of such bonds can not exceed three times the outstanding capital stock. It is proposed to issue such stock as a dividend.

If the applicant's petition is granted in full it is urged that there will remain a corporate surplus of \$101,781,197; that this amount would be adequate to meet the applicant's emergency needs, support its borrowing power, afford insurance against obsolescence, minimize short-term financing, and serve as a general financial balance wheel. Allowance should be made, however, pending the valuation of the applicant's system, for shrinkage of book values, so that the adjusted capitalization will not leave an inadequate actual surplus.

The evidence establishes (1) that the Chicago, Burlington & Quincy Railroad has a great uncapitalized surplus; (2) that the present capitalization is far below the actual investment or any fair value for rate-making purposes which we may subsequently fix under the valuation act, section 19a of the interstate commerce act; (3) that the increase in capitalization which would follow the grant of this authority would still leave the total capitalization of the Burlington below the actual investment and the probable fair value of the property devoted to the public service; (4) that the remaining uncapitalized surplus would be sufficient to serve the purposes for which a surplus should be accumulated; and (5) that the present financial structure of the Burlington is obsolete and inadequate and that a new form of mortgage and a larger stock base to meet the requirements of statutes governing investments by savings institutions in various states are necessary.

We find that the proposed issue of \$60,000,000 capital stock by the Chicago, Burlington & Quincy Railroad Company as a dividend (a) is for a lawful object within its corporate purpose, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose; but that the applicant has not justified an authorization of the issuance as dividends of mortgage bonds against its surplus and that authority therefor should be denied. If the applicant desires, we shall give consideration on the present record to an application to issue bonds for appropriate purposes other than dividends.

The question of a proper return on the fair value of property devoted to the public use is not pertinent. It is not before us. No one questions the right of owners to compensation for sacrifices made in foregoing dividends. The denial in this case extends only to the issuance of a bond dividend by a railroad which has no need for the bonds, and which can advantageously issue all the stock reasonably required for its needs. The more adaptable form of mortgage which the applicant desires can be provided without the issuance of a bond dividend.

An appropriate order will be entered.

CLARK, *Chairman*, concurring:

I concur fully in the approval of the issuance of \$60,000,000 of capital stock. I do not find myself in accord with the refusal to authorize \$80,000,000 of bonds. I regard the case as unique, and, therefore, as one that should not be decided upon the idea that it establishes a general precedent or a general policy. The Burlington has an abnormally low capitalization and an abnormal surplus from income that has been spent upon the property. That surplus has been accumulated under rates fixed by state and federal regulating bodies. Competing carriers, under the same rates, have not accumulated similar surpluses. The Northern Pacific and the Great Northern own 97 per cent of the stock of the Burlington, and have so owned it for some 20 years. They must refund their obligations, assumed in acquiring that stock.

Looking at the situation in its general aspects, and from the standpoint fixed in the present law of considering and dealing with the railroads in a national sense or in large groups, it would seem that the main question is what will be the effect upon the public interest. The northern lines must pay these joint collateral bonds or make good any deficit from surrender of the collateral. Forfeit of that collateral would, as it seems to me, cause the placing upon these

lines of an additional burden as a net loss, to be borne by the public. Obviously these owning lines will not choose that course. The debt, which I regard as well secured, must be met. Is it more to the public interest that it shall be done by retaining this \$80,000,000 in the Burlington's surplus, which admittedly will be large enough for all reasonable purposes if the \$80,000,000 is disbursed, and adding a like sum to the capitalization of the owning lines, with substantially larger fixed charges, than to consider the three systems as a family and permit the owning lines to have the benefit of that much of the surplus of the Burlington which is not needed by it? The total bonded indebtedness of the three systems would not be substantially different in either event. It seems certain that under any plan that is left open for refunding this debt the fixed charges will be much greater for a long term of years than they would be if the \$80,000,000 of bonds were made available for the sole purpose of reducing the principal amount of the debt about to become due.

McCHORD, *Commissioner*, concurring:

Agreeing fully with the majority report, I wish to state briefly certain other considerations which lend support to my concurrence in the conclusions reached. This is not a matter of securing needed new and additional capital for the Burlington, but an undertaking to distribute as dividends its accumulated surplus, principally represented in its augmented corporate property, partly in the form of additional capital stock and partly in interest-bearing securities. While one avowed purpose is to afford the applicant a larger and more flexible credit basis, admittedly the principal beneficiaries would be the two majority stockholders, whose maturing bonds must soon be retired by issues of new securities. When all is said and done, the submitted justification for the course proposed is that, as against an available interest rate of 6 per cent for Burlington bonds, funds obtained by the Great Northern and Northern Pacific upon their own securities probably would cost them 8 per cent. This purely speculative apprehension does not justify itself to my mind. The now outstanding bonds of those lines are in a large measure collaterally secured by capital stock of the Burlington, and the credit of that company would equally become the foundation of an issue of its own bonds or of refunding issues of the Great Northern and Northern Pacific collaterally secured by an equivalent dividend issue of Burlington capital stock. Indeed, the total pledged security would be ampler, in the ratio of the accumulated surplus, than that by which the now maturing bonds were originally supported. Incidentally, the fact, disclosed by the annual reports, that for the years 1918 and 1919, as against the 8 per cent dividends of the Burlington, the Great

Northern and Northern Pacific declared dividends of 7 per cent on larger stock bases at least strongly suggests that the credit of the latter two lines is not so low as to justify an exaction from them of an interest rate in excess of that available on the Burlington's own securities, particularly when the collateral security they would have to offer is considered.

It does not appear that the two lines most concerned, as they might and should have done, have laid before the interests from whom the requisite financial assistance is to be obtained the merits of refunding issues of bonds of those lines and the enhanced value of the securities they would have to offer. If when this were done the financial interests were nevertheless to take advantage of the necessities of those carriers and demand a prohibitive rate of interest, which is hard to believe, these interests must bear their share of the responsibility for the impairment of the carrier's transportation functions. The present transportation and industrial situation calls for moderation and forbearance, and there can be no condoning an abuse of opportunity which can only tend to block a downward trend of prices so essential to the mutual welfare of carriers and shippers.

The assertion that if this application be denied the outstanding 4 per cent bonds can not be refunded at less than 8 per cent is startling. If the financial institutions of the country have determined to increase the interest rate on such bonds 100 per cent, and it is accomplished, our railroads can not weather the storm. Good business judgment on the part of the Great Northern and Northern Pacific would dictate the submission to the present bondholders of an offer of 6 per cent refunding bonds, representing an increase of 50 per cent in earning power and resting upon a materially enlarged basis of security.

An approval of the proposed application and the devotion of approximately 98 per cent of the proposed bond issue to the retirement of the maturing Great Northern and Northern Pacific bonds would virtually weld into one inseparable system, for the life of the bonds the three trunk lines, although it is by no means certain at this time that such a merger would suit the purposes of amended section 5 of the act. For other reasons, we should proceed with particular care in these financial matters, especially in these critical times and until the trend of events is definitely determined. At least until a financial and industrial equilibrium is reached, and perhaps, in any event, the burden of the additional fixed charges to result from a bond issue should rest directly upon the carrier or carriers for whose substantial benefit the issue is made.

POTTER, *Commissioner*, concurring:

I concur in that part of the majority report which authorized the issuance of \$60,000,000 of stock but do not concur in the view that permission to issue \$80,000,000 of bonds should be denied. The withholding of permission to issue the bonds under the circumstances as they are presented, is to my mind, hostile to the public interest.

The issuance of bonds to reimburse the treasury of a carrier and replace income used for additions and betterments not only is lawful, but has the sanction of established practice and general public and official approval. When carriers have in their income account surplus funds not needed, they have the right to distribute that surplus among their stockholders, and the control of such distribution is not within our jurisdiction. The question presented by the situation before us is whether the issuance of bonds to reimburse the treasury is proper, coupled as it is with the proposed distribution among the shareholders of the restored income. The importance which existing conditions attach to this question is obvious. It is not a good time to issue securities carrying the present high interest rates. If, however, securities must be issued, they should be issued so as to take advantage of the lowest available rate. A basis that is high is preferable to another basis that is still higher. The real question which is involved in the existing situation is whether permission to put out securities on one basis should be denied when because of that denial we will have to authorize the issue of securities on another and higher interest basis.

The investing public now holds the bonds of the northern companies maturing July 1, 1921, in the aggregate amount of \$215,000,000. The record made upon the public hearing before us when all interests were represented supports the conclusion that the plan proposed will accomplish a reduction of the interest burden upon the three properties considered together, substantially below the best basis available under any other plan. The northern companies as Burlington stockholders naturally consent to the proposed bond issue and distribution. It does not appear that the minority of Burlington stockholders in any way will be injured thereby. We are to consider the question of public interest. Courts applying the law will attend to any question as to relative rights of shareholders. The comparatively favorable interest basis which the proposed plan affords serves the public interest in an important way. By reducing the aggregate interest burden of the three companies, their net income will be increased, the drains upon their earnings will be reduced, their aggregate strength and credit will be improved, and they will be enabled better to serve the public. A plan which facilitates the lowering of the basis upon which a large financial under-

taking is handled should naturally have a tendency to improve the general credit situation in which carriers and shippers have a vital interest. This consideration will apply particularly to the carriers in the northwestern group.

We should deal with the substance of things. The ownership of approximately 97 per cent of the Burlington stock by the northern companies justifies treating the Burlington company as an instrumentality through which its properties are owned by the northern companies—if this may be done in justice to the minority of Burlington stockholders, and it may for the purposes of this application be so treated in justice to them. The stockholders of the northern companies are the persons vitally interested in the situation before us. They own practically all of the assets of the Burlington company in the same way they own the assets of the northern companies. They must finance \$215,000,000 on July 1. It is natural and right for them to feel that if they can make a saving by using their Burlington security in part instead of relying entirely upon the property of their northern companies, they should be permitted to do so, when to do so is, as in this case, consistent with the public interest and the interest of the Burlington minority shareholders.

DANIELS, *Commissioner*, dissenting:

The chief objection to the majority report goes not to what the report grants, but to the far more vital permission which it withholds. It concedes the propriety of capitalizing surplus to the amount of \$60,000,000 in stock, the effect of which is remote, while it denies the propriety of capitalizing surplus to the amount of \$80,000,000 in bonds the beneficial effect of which would be immediate. It allows a stock dividend which will be available as a stock base for bond issues in future and denies a bond issue which will effect substantial economies in refunding at present. It provides for the future financing of the Burlington, while it disallows the means proposed for financing the current and pressing exigencies of the Burlington's proprietors. The permission granted therefore seems to me to be largely ineffectual.

The majority report evidently attaches no conclusive weight to the objection most seriously urged before us against the proposed capitalization of the Burlington's surplus—that a public-service corporation has no right to declare dividends from invested surplus acquired from earnings during a period when the stockholders were receiving regularly a fair dividend upon the outstanding capital stock. It properly points out that "the average of all dividends paid from 1901 to 1920 was 8.5 per cent upon the abnormally low capitalization and 3.916 per cent upon the average property investment in excess of bonds." It declares correctly that "there is no

proof that this income is the result of excessive rates." It calls attention to the fact that "applicant's right to capitalize \$129,000,000 of surplus has in fact been recognized by the Public Utilities Commission of Illinois, the state of its incorporation," all of which, it may be added, was in the form of bonds, not stock.¹

The majority report therefore affirms the lawfulness of this stock dividend as against uncanceled surplus derived from earnings under reasonable rates and reinvested in property permanently devoted to the service of the public. The proposed dividend against the surplus, if the dividend took the form of bonds, is not denied by the majority report on the ground that such a dividend would not be for some lawful object within the applicant's corporate purposes, or otherwise in conformity to the requirements of paragraph (2) of section 20a of the interstate commerce act. The denial is mainly based on the finding that "the applicant should not be permitted to increase its fixed charges without a showing of resulting benefit to applicant." The report expressly says:

No one questions the right of owners to compensation for sacrifices made in foregoing dividends. The denial in this case extends only to the issuance of a bond dividend by a railroad which has no need for bonds.

¹ The authorizations by the Illinois commission are indicated in the following table:

Period.	Amounts authorized.	Expenditures.
Year ended June 30, 1902-----	-----	\$5,974,442.76
Year ended June 30, 1903-----	-----	7,804,582.20
Year ended June 30, 1904-----	-----	11,782,695.96
Year ended June 30, 1905-----	-----	5,526,291.15
Year ended June 30, 1906-----	-----	9,798,012.58
Year ended June 30, 1907-----	-----	7,516,580.49
Year ended June 30, 1908-----	-----	10,063,916.74
Year ended June 30, 1909-----	-----	2,709,555.01
Year ended June 30, 1910-----	\$5,000,000, period not shown.	8,987,193.40
Year ended June 30, 1911-----	15,850,000, fiscal year ended June 30, 1911.	15,858,217.82
Year ended June 30, 1912-----	13,696,000, fiscal year ended June 30, 1912.	10,296,889.07
Year ended June 30, 1913-----	25,455,000, July 1, 1912 to Dec. 31, 1913.	13,942,866.82
Year ended June 30, 1914-----	18,887,000, calendar year 1914.	20,419,884.29
Year ended June 30, 1915-----	-----	7,508,040.04
Year ended June 30, 1916-----	-----	6,011,133.40
Six months ended Dec. 31, 1916--	-----	5,969,747.06
Year ended Dec. 31, 1917-----	42,090,000, calendar years 1915, 1916, 1917.	20,026,677.99
Year ended Dec. 31, 1918-----	-----	12,444,976.03
Year ended Dec. 31, 1919-----	-----	6,929,074.86
Jan. 1, 1920, to Aug. 31, 1920--	-----	11,029,199.47
Totals-----	121,878,000	200,099,975.59

Additional authority for the issue of securities might apparently be obtained before the Illinois commission for expenditures out of earnings for additions and betterments since the close of the calendar year 1917 as follows:

For year ended Dec. 31, 1918-----	\$12,444,976.03
For year ended Dec. 31, 1919-----	6,929,074.86
For period Jan. 1, 1920, to Aug. 31, 1920, inclusive--	11,029,199.47
Total-----	30,403,249.86

To test this position, one may ask, why should applicant be permitted to increase the stock base, on which additional dividends may be anticipated, without a showing of resulting benefit to applicant? And why should the denial not extend to the issuance of a stock dividend to a railroad which has no need for more stock?

The answer suggested by the majority report is that the applicant has a need for more stock in order that it may have a larger stock base, and in order that it may execute a new mortgage under which the permissible bond issues may be greater than those expedient under its present general mortgage. That this is technically true may be at once conceded. But the differentiation made between the additional stock which the applicant is found to need and the additional bonds for which the railroad is found to have no need rests on the rather tenuous ground that future financing will be promoted by an increase in stock. The total stock as increased, it may be observed, will carry no greater equity than the existing stock and will be worth intrinsically no more as collateral. If this distinction is the only valid distinction between the two parts of the application, what justification can be found for a proposal to capitalize surplus derived from earnings and invested in the property when there is no intention of executing a new mortgage requiring an enlarged stock base, or of executing any mortgage at all? No one may question the right of owners to compensation for sacrifices made in foregoing dividends, as the majority report affirms, but it would appear that the finding of the need of the railroad for more stock which will cast an increased dividend charge on the carrier and the simultaneous finding of no need for more bonds carrying additional fixed charges is rested on an essentially technical or formal basis.

The essential error, as it appears to me, in the reasoning of the majority report is centered in its too exclusive consideration of the Burlington as a separate and distinct legal entity, and in a disregard of the essential factors in the case. Railroad corporations after all are but legal instrumentalities by which individuals effect their ends. To disregard the individual shippers served and the individual investors involved, to say nothing of the general status of railroad credit, by confining attention to the legal entity known as the Burlington is to miss the significance of the whole situation. The two northern carriers, the Northern Pacific and the Great Northern, own substantially 98 per cent of the stock of the Burlington. "Both the wisdom and legality of the joint acquisition * * * are questions foreign to this proceeding." Since they acquired their ownership they have permitted a large part of the Burlington's earnings to be reinvested in extensions, additions, and betterments. In consideration thereof they are to obtain a stock dividend of approximately

\$80,000,000. But these northern carriers in their acquisition of the Burlington stock executed joint obligations of approximately \$215,000,000 which fall due on July 1, 1921. The refinancing of an amount as great as this is unparalleled in the history of railroads and is to be undertaken at a time when the ordinary run of investments is carrying unusually high rates of interest. The plan which these northern companies propose is to discharge a part of this huge obligation by obtaining \$80,000,000 in bonds of the Burlington of which they are the proprietors, and by applying the proceeds thereof to that end. The residue of the indebtedness they propose to finance jointly or severally by the issuance of their own obligations. In essence, their plan, matured after months of study, is to redistribute the \$215,000,000 of indebtedness, so that a part thereof will be secured by the bonds of the strongest member of the trio. If the proposal were to saddle a part of the debt upon a carrier only distantly related to the two northern companies and in which they had not for 20 years past reinvested the greater part of its earnings to which they were currently entitled in dividends, the plan would merit instant disapproval. But in thus proposing to mortgage the Burlington they are mortgaging property built up out of earnings to which as proprietors they might during the past 20 years have asserted and enforced their claim. In reality, therefore, the proposal is akin to one which proposes in discharge of indebtedness, to pledge as part security that which, by reason of their equity therein, is their most available asset. It is testified that this plan of refunding will save annually in fixed charges an amount computed to be not less than \$688,000, and which may be as great as \$3,529,000. The exact annual saving depends on the interest rate necessary if the two northern carriers alone issue bonds for refunding. This annual saving in fixed charges is the essence of the matter. In the aggregate, the saving spread over the life of the bonds proposed to be issued will be of the greatest magnitude.

To deny the proposed issue of Burlington bonds in the belief that the refunding can be accomplished at an undefined but reasonable rate of interest by the issuance of mortgage bonds by the two northern companies alone, secured by the pledge of the Burlington's stock, appears to me to be a radically unwise step. When the transportation act, 1920, prescribed a return to carriers uniform for all rate groups, and expressly emphasized "honest, efficient, and economical management," the rejection of a project which would permit savings in fixed charges running into the millions is directly at variance with the expressed object of the statute.

It is, of course, conceded that the application to capitalize surplus for a bond dividend ought not to be granted, unless it clearly ap-

pears that such a dividend, which might properly be restricted to the \$80,000,000 requested for refunding purposes, would leave a substantial surplus uncanceled, and would involve no reasonable doubt of the Burlington's ability to meet the additional fixed charges. These matters are not discussed in detail in the majority report, and are therefore analyzed in the margin.² The separate question of the

² Making reasonable allowance by way of offset against the applicant's asserted investment out of earnings since June 30, 1901, and down to August 31, 1920, it may be reasonably assumed that a surplus in excess of \$140,000,000 has since that period been accumulated by the applicant out of earnings invested in and now existing in railway property permanently and necessarily devoted to serving the interests of the public and no part of which is now represented by issued capital obligations outstanding. It should be added that if applicant's contention is substantiated with reference to amounts legally due it by reason of the guaranty for the six months following federal control and for compensation during federal control, the corporate surplus which it now claims will be materially augmented. As of August 31, 1920, applicant's comptroller estimated as due under the guaranty alone \$21,668,851.15.

It is generally conceded that where a carrier has accumulated a surplus a certain part thereof should remain uncanceled. This part should cover nonrevenue-producing property, and also serve as a fortification of credit. If such a minimum surplus remains uncanceled but invested in revenue-earning property, there is an assurance that even in times when the ordinary level of returns is somewhat depressed the carriers' earnings from a property base in excess of its issued capital will afford the opportunity to pay returns upon the capital outstanding. It is therefore proper to inquire what residual surplus would remain uncanceled should a total issue of \$60,000,000 in stock and \$80,000,000 in bonds be approved in this case. Applicant's balance sheet for August 31, 1920, shows, as before indicated, and exclusive of \$21,668,851.15 estimated to be due under the guaranty, a surplus of \$238,289,809.28. If the corporate surplus last indicated be reduced by \$10,767,815.75 for estimated additional depreciation in equipment not then carried in the carrier's accounts, said corporate surplus would be reduced by the issuance of \$140,000,000 in additional securities to \$82,471,493.53. This, however, represents the total corporate surplus as against which there stand assets of the applicant outside of those in its own road and equipment. However, the remaining uncanceled surplus may be gauged from another standpoint. The balance sheet aforesaid gives as investment in road and equipment \$503,745,837.57. If we deduct therefrom not only the accrued depreciation on equipment of \$40,647,507.63 now carried among the corporate liabilities, but also the additional estimated extra depreciation of \$10,767,815.75, the investment in road and equipment would be reduced to \$452,330,514.19. This last-named amount would exceed by \$27,450,614.19 the total outstanding capitalization that would exist if the additional \$140,000,000 in securities should be now authorized. When in addition to this \$27,450,614.19 excess allowance is made for the estimated amount of \$21,668,851.15 due under the guaranty, there would be in excess of the outstanding capitalization over \$49,000,000, to which, if we were to estimate the total corporate surplus, a large and substantial addition would have to be made for cash on hand amounting, as of August 31, 1920, to over \$18,750,000, for materials and supplies, in excess of \$17,500,000, and for investments in affiliated properties, especially the Colorado & Southern, all of which, even when allowance is made for offsetting items, would indicate a residual uncanceled surplus of such substantial magnitude that it is clear that the issuance of \$140,000,000 additional securities would not fall to leave an ample margin of uncanceled surplus.

The net income and income applicable to dividends since July 1, 1901, stated in tabular form, are as follows:

Term.	Net income.	Income applicable to dividends.
Since July 1, 1901. { Total-----	\$351, 818, 776. 76	\$385, 511, 060. 14
Annual average-----	18, 855, 759. 07	17, 504, 924. 88
Since July 1, 1909. { Total-----	245, 198, 600. 94	234, 463, 076. 65
Annual average-----	21, 958, 077. 11	20, 996, 693. 46
Since July 1, 1914. { Total-----	161, 091, 710. 44	153, 658, 660. 94
Annual average-----	26, 122, 965. 95	24, 917, 620. 68

If we assume that future income would approximately equal that since July 1, 1914, it is apparent that, after making the requisite deductions therefrom, including the addi-

specific benefit to the Burlington of its cooperative operation with the two northern lines is recited in the dissenting memorandum of COMMISSIONER FORD.

There are two further observations which seem pertinent. The first is that the approval sought of the pending application is based on the situation disclosed in this particular case, and would affect not at all the indefinite continuance of the joint ownership of the Burlington by the two northern lines or the question of future consolidations that may arise under section 5 of the interstate commerce act.

The second relates to the responsibility of certain financial interests and institutions for the rate of interest on whatever securities may issue to effect the refunding of the Burlington joint 4s. The rates of interest currently prevalent are fundamentally traceable to world-wide causes which can be affected only in a minor and largely inappreciable degree by the instrumentalities through which securities are currently marketed. Just as the rise in war prices was a universal outcome of the relative scarcity of commodities, so the prevalent high rates of interest are a result of the universal dearth of capital seeking investment as compared with the current demand therefor. The high interest rates, as has so often been pointed out, are rather the symptoms of the evil the industrial world confronts in the relative dearth of capital, rather than the essential evil itself. Holders of maturing obligations are offered a wide range of choice in investments carrying attractive rates of return. The instrumentalities which affect the marketing of securities have therefore to reckon with a situation not of their creation and which they can not materially affect.

EASTMAN, *Commissioner*, dissenting in part:

I concur in the result reached by the majority, except that I believe the stock dividend should also be denied.

tional interest charges, there would remain an average annual net income of \$21,322,965.95 and an annual income applicable to dividends of \$20,117,620.68. This latter amount would suffice to pay a dividend of about 11.75 per cent on \$170,839,100, the amount to which the capital stock would have been increased, or to pay a dividend of 6 per cent thereon, leaving annually, \$9,867,274.68 available for extensions, additions, and betterments. It should be stated that in the figures just cited the amounts for 1918 and 1919 are based on applicant's just compensation under federal control and the amount for the eight months ended August 31, 1920, on the guaranty under section 209 of the transportation act, 1920. For the 12 months of 1920 the railway operating income of the applicant, deducting for equipment rents and joint-facility rents, appears to be only \$8,012,045.93. These figures, however, covered by applicant's December returns, do not include any part of the estimated amount of \$21,668,851.15 due under the guaranty. Applicant's lessened earnings in 1920 appear to be attributable to causes which have affected all carriers. Assuming, as we may, that these causes are but temporary and have been in a measure counteracted by increased rates accorded, it can not be said that the public interest is adversely affected by the proposed security issues impairing the substantial soundness of applicant's financial structure.

The chief purpose of the stock and bond dividends sought is to meet the needs, not of applicant, but of its stockholders the Northern Pacific and the Great Northern. The most persuasive argument in favor is the saving in interest charges which might result. The joint 4s, which now total about \$215,000,000, fall due on July 1, 1921. It is testified that if the attempt is made to refund them by the issue of bonds of the same kind, it may not be possible to do so on better than an 8 per cent basis. On the other hand, applicant can issue \$80,000,000 of bonds on a 6 per cent basis, and if it is permitted to do this and turn over the proceeds, or the bonds themselves, as dividends to the Northern Pacific and Great Northern, the amount so realized can be used to retire some of the maturing bonds and the remainder can be refunded by the issue of mortgage bonds of the northern lines, with the net result that something like \$3,500,000 in interest charges may be saved. This saving is apparently figured by comparison with the issue at 8 per cent of collateral-trust bonds like those maturing, and not by comparison with the issue of mortgage bonds of the northern lines for the total amount.

But is the reasoning sound? The transaction contemplated is not the flotation of new securities for the purpose of obtaining cash, but a refunding operation. In 1901 the holders of Burlington stock sold it at the excellent price of \$200 per share, and 4 per cent interest has since been paid upon that amount, equivalent to \$8 per share on the stock. If, upon maturity, they should be offered, in place of the collateral-trust bonds, an equal amount of 6 per cent mortgage bonds (or bonds secured in part by the stock and in part by mortgage) of the Northern Pacific and the Great Northern, this would be equivalent to \$12 per share on the stock originally sold, or a return 50 per cent greater than has been paid for the past 20 years, combined with greater security. Would they reject such an offer and insist upon 8 per cent bonds, *doubling* the return, at a time when the railroads of the country are struggling desperately against a temporary tide of depression?

I have enough confidence in the investors of the country so that I do not believe that they would, if the situation were frankly explained and its bearing upon the general welfare of the country made clear. I realize the difficulty in attempting to control what appear to be current rates of interest. But this is a unique situation, and I am confident that investors will readily appreciate that under its special circumstances, and looking beyond the immediate present, they have more to gain than to lose from forbearance and moderation.

There is, moreover, a further alternative. Under the indenture securing the joint 4s, the holders of three-fourths in interest may

agree, upon default, to accept applicant's stock in full satisfaction of their claims, and by such agreement they may bind the remaining one-fourth in interest. If this method of meeting the situation could be adopted, it would, it seems to me, be to the advantage of all concerned. For 20 years the northern lines have held control of the Burlington system, and the benefits have been admittedly large. But the advantages of such control are no longer so important as they once were, in view of the wide powers over divisions, the routing of freight, and the use of terminal facilities conferred upon us by the transportation act, 1920. The return of applicant's stock to the holders of the joint 4s would place them in immediate possession of these very valuable shares; the chief argument for imposing upon applicant a new load of fixed charges would be gone; the credit of both the Northern Pacific and the Great Northern would be improved by the reduction in their own fixed charges; and the way would be left open for the consideration, without embarrassment, of the possible future union of the Burlington system with other railroad properties.

But the question before us is larger than one of mere interest rate. Applicant asks authority to issue \$80,000,000 of mortgage bonds and \$60,000,000 of stock, both issues to be used for dividend purposes. The bond dividend will be one of 72 per cent, and the stock one of 54 per cent. The total would fall short but \$35,000,000, in par value, of the aggregate paid in dividends since 1901. The dividends prior to that year are not stated of record, but no claim is made that the return was inadequate. Since 1901 the dividend rate has averaged 8.5 per cent. The \$140,000,000 of bonds and stock now sought for dividend purposes represent additional earnings which were turned back into the property. In other words, it is proposed to capitalize \$140,000,000 of invested surplus. If all the excess earnings had been paid out in dividends from year to year, however, the aggregate of such dividends would not have equaled the present surplus, for it has grown in part from its own earnings.

Authority to issue these securities can not be claimed as of right. It is subject to our determination and we may grant authority only if we are able to make the statutory finding that the issue is "compatible with the public interest" and for an object "which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service."

Nor is it possible by denying the application to deprive applicant of any right. On this point there has been much confusion of thought. If the Burlington is lawfully entitled to 6 per cent or any other return upon the fair value of all its property, including in-

vested surplus, nothing that we can do can take away this right; and such return, if earned, can be paid regardless of the volume of securities outstanding. The real question, therefore, is whether it is "compatible with the public interest" to translate the invested surplus into shares of stock and mortgage bonds. I believe it is not, both because such translation may operate to enlarge rights of applicant as against the public and prejudice the consideration of a question which has an importance spreading far beyond the limits of this case, and because it will weaken applicant's splendid financial strength. To make clear the basis for this belief, let us consider the reasons advanced for surplus accumulations and their bearing on the public interest.

The carriers have again and again told us that sound policy demands that rates be high enough to permit not only the payment of reasonable dividends but the accumulation of large surplus reserves. Some have reduced this to the rule that for every dollar paid in dividends a dollar from earnings should be invested in the property. Financiers have been equally emphatic in favoring such a policy. Summarizing the arguments, we have been told that stockholders are interested quite as much in regularity and dependability of dividends as in their amount; that surplus reserves are necessary to maintain such regularity, and to protect against inevitable and wide fluctuations of earnings and financial disturbances; that they are needed for improvements which will not immediately yield revenue, or which will never do so but are required to enable a company to keep abreast of the times and furnish the best of services; and that they are equally necessary to enhance credit and enable financing upon favorable terms without disproportionate increases in funded debt. Before the Newlands committee in 1917 the carriers urged a need for earnings sufficient to pay regular dividends of 6 per cent with a surplus each year of 3 per cent besides. Stated in another way, it is claimed that to insure good credit surplus earnings should equal 25 per cent of the amount paid out in both dividends and interest.

I shall not stop to quote from the many expressions of opinion upon this subject with which our records are filled. I call attention, however, to the report of the Railroad Securities Commission transmitted to Congress with his approval by President Taft in 1911. This report favored the building up of surplus reserves, but disapproved and urged the prohibition of all "script, bond, and stock dividends."

With the representations of the carriers in favor of surplus earnings have gone equally emphatic representations by shippers. They claim that when such earnings, over and above reasonable dividends, are invested in carrier property, the public, having provided the

funds, has an interest in that property and can not fairly be asked to pay the same return upon it as upon property representing actual sacrifice by investors. They deem it unjust to ask the public to provide both capital and return. While such a surplus may be the property of the carrier, the claim is that the circumstances attending its accumulation impose a duty upon the carrier at least to share its advantages with the public, and that this duty may be considered in valuation for rate-making purposes.

It is not a sufficient answer to this doctrine to say that the property acquired from surplus earnings is *owned* by the carrier, for the rights of ownership are not absolute, but limited by the dedication of the property to the public use and the circumstances of such dedication. Nor is it enough to say that the surplus might have been distributed to the stockholders at the time it was earned, for the public might well have declined to acquiesce in rates producing excess income if that income had not been used for the improvement of the property. The question has many aspects. It would be a curious anomaly to accept the theory that rates should be high enough to permit the investment of income in nonrevenue-producing improvements, and then hold that a company may exact a return upon such property. It would be just as anomalous to approve the building up of sinking funds for the retirement of debt, and then permit the exaction of a return upon the property for which the debt so retired was incurred, or permit its recapitalization. Over \$31,000,000 of applicant's surplus was derived from the retirement of debt in this manner, and more than \$10,000,000 is represented by sinking funds in process of accumulation.

The courts have said that a carrier is entitled to a reasonable return upon the fair value of its property, but the full meaning of the words "fair value" still remains to be determined. "The ascertainment of that value is not controlled by artificial rules. It is not a matter of formulas, but there must be a reasonable judgment having its basis in a proper consideration of all relevant facts." *The Minnesota Rate Cases*, 230 U. S., 352, 434. Without undertaking to argue the point now, I think it is clear that the word "value," as it has thus been used by the courts, has a meaning quite different from that which it carries in ordinary usage. It has been said that the determination of such value is "the determination of what, under all the facts and circumstances of the case, is the just and equitable amount upon which the return allowed to the corporation is to be computed."

I make no claim that the Supreme Court of the United States has yet conclusively determined that property acquired from excess earnings is to be treated differently from other property in valuation for rate-making purposes. I do believe that this is still an open question.

In *Louisiana R. R. Comm. v. Cumberland Tel. Co.*, 212 U. S., 414, the court apparently takes the ground that extensions or improvements constructed from the proceeds of reserves set aside for depreciation are not to be included in the fair value, but states—

We are not considering a case where there are surplus earnings after providing for a depreciation fund and the surplus is invested in extensions and additions. We can deal with such a case when it arises.

In no subsequent case has the court held that property acquired from surplus earnings after the payment of reasonable dividends is to be included on equal terms with other property in determining the "fair value" upon which rates are to be based. Nor, if we assume that this will be the decision, has it held that the "reasonable return" upon the portion of the value representing such surplus accumulations must correspond with and be as high as the "reasonable return" upon the remainder.

In *Advances in Rates—Eastern Case*, 20 I. C. C., 243, 270, after considering the claim that the carriers should be allowed to invest in improvements an amount equal to that paid in dividends to stockholders, we said—

It is evident that until the status of this surplus is determined by legislative action or judicial interpretation, this Commission can not properly permit an advance in rates with the intent to produce an accumulation of surplus for this purpose.

The status of surplus accumulations is still undetermined "by legislative action or judicial interpretation," and it would be an equally valid conclusion in the pending case that, until this be done, we can not properly grant the authority sought.

More recently, in *The Fifteen Per Cent Case*, 45 I. C. C., 303, 315, we said—

The theory of this character of testimony seems to be that property donated and property paid for out of revenues of carriers does not in fact become their property in the sense that they may be permitted or are entitled to earn a reasonable return thereon, and that the public having donated certain property or having contributed to the revenues of the carriers through the payment of freight charges and passenger fares in reality owns such property and therefore can not lawfully be asked to pay rates and fares which will yield a return on such property. These are questions of large import which have been directly raised in valuation proceedings now pending before us and which will not be discussed here.

The valuation proceedings are still pending and these "questions of large import" so raised are still to be discussed and decided in connection with those proceedings.

The carriers are inclined to ridicule the suggestion that these surplus accumulations are held in any way as a trust fund in behalf of the public. From one standpoint this ridicule may be justified; but

nevertheless there is, I believe, a trust in connection with these accumulations. The trust is upon us. Whatever may be our views as to the merits, we ought to take no action which will foreclose or impair the opportunity to bring this issue fairly before the Supreme Court. To permit the capitalization of surplus will, I fear, do this very thing. The danger is illustrated by *Willcox v. Consolidated Gas Co.*, 212 U. S., 19, where the court included in the value of the property \$7,781,000 representing the value of franchises, merely because such amount had been recognized by the legislature in considering the capitalization of the company at an earlier date. The court concluded its discussion of this matter with the following paragraph:

What has been said herein regarding the value of the franchises in this case has been necessarily founded upon its own peculiar facts, and the decision thereon can form no precedent in regard to the valuation of franchises generally, where the facts are not similar to those in the case before us. We simply accept the sum named as the value under the circumstances stated [page 48].

The danger involved is the more important because the question at issue is closely allied to the question involved in the recapture of excess earnings under section 15a of the interstate commerce act. Indeed, in argument before us upon the application of the Delaware, Lackawanna & Western for authority to capitalize surplus, counsel for the Association of Railway Executives urged the right of stockholders to all the earnings of the property in substantially the same terms that have been employed in questioning the validity of the recapture provisions of the present act.

Summing up this phase of the matter, applicant may have a right to a return upon its surplus, but whether or not the surplus shall be translated into stocks and bonds is subject to our determination under the law; and whatever right to a return it has can not be lost by the denial of the authority desired. On the other hand to grant the desired authority may prejudice and embarrass the decision of a question which has far-reaching importance.

But there is a further ground for denial, entirely separate and distinct. Assume all the carriers claim with respect to the first ground, does it then follow that the stock and bond dividends proposed are "compatible with the public interest"?

At this point we hark back to the reasons for surplus accumulations which have been urged upon us over and over again. No better proof that such accumulations do improve credit could be offered than the testimony that applicant is now able to issue \$80,000,000 of bonds for cash on a 6 per cent basis. How many carriers can do this under present conditions? If its credit has thus been enhanced, will it not be impaired by the addition of \$4,800,000 per year to its fixed charges and by the capitalization

of all but a comparatively small portion of its surplus? And has the public no interest in such impairment?

Consider the matter from another angle. Our attention has repeatedly been called to the danger of a disproportionate increase in funded debt and we have been told that it is vital that the carriers should be able to finance their needs in part by the issue of stock. With its present capitalization applicant is one of the very few railroads in the country which could probably market stock—if not common, at least preferred—even under present conditions. Will not the distribution of \$60,000,000 of stock gratis impair this ability to some extent at least? The sole reason offered for this stock dividend seems to be the alleged necessity of affording a basis for the continual increase of funded debt under the new mortgage up to an ultimate ratio of \$3 of bonds for every \$1 of stock, a ratio far in excess of what we have been told is safe and proper.

And if *stock* dividends are not open to question, what shall be said of *bond* dividends? After its stockholders have foregone extra dividends for years and approved the use of surplus earnings for improvements in times when money could have been borrowed at 4 per cent or better, can it be argued that it is sound financial policy to permit applicant to reverse this procedure and borrow money on the worst market in its history, for the purpose of reimbursing stockholders for their previous moderation? To ask this question is to answer it. The surplus has been invested in property. Even if the stockholders have a right to demand a return upon that property, they are certainly not entitled to ask that applicant now issue mortgage bonds for the sake of replacing in the treasury, for distribution in dividends, the cash which was so invested.

The truth is that applicant, as it is now capitalized, is one of the fortunate carriers of the country. If all other carriers had been financed with equal conservatism and sound financial judgment our railroad problem would be far less serious. Its credit is unsurpassed, its stockholders seem assured of regular and dependable returns; for 20 years they have had dividends averaging more than 8 per cent, and if they should now wish to reap the reward of good management by increasing the regular dividend rate somewhat or by occasional extra dividends, there are few who would question the appropriateness of such action. Applicant ought not, I think, in the public interest or in its own interest, to be permitted to abandon this position of advantage in the absence of compelling need by greatly increasing the volume of its outstanding securities and the measure of its fixed charges. Rather, it ought to avoid unnecessary increase in capitalization and finance its own actual

needs by the issue of stock, or if this is for the time being impracticable, by the issue of bonds and stock in equal proportions.

Certain minor reasons for the issue of the proposed stocks and bonds have been urged that warrant brief comment.

1. It is suggested that applicant is in need of a more modern and flexible mortgage and that the declaration of a stock dividend of \$60,000,000 is necessary to afford a suitable basis for the issuance of bonds under such mortgage.

If applicant is right in its contention that this stock will add nothing to the value of the property upon which it is entitled to a return, the *real* foundation for the issuance of bonds will in no wise be enlarged by the stock dividend, but only the *apparent* foundation. It is the amount of property and its earning power which determine the debt which may safely be carried and not the par value of stock outstanding. Moreover, so long as applicant clings to the advantage of its present low capitalization, the stock basis for the issuance of bonds under the new mortgage can be enlarged from time to time by financing, in part at least, through new stock.

2. It is suggested that permission to declare stock and bond dividends will offer an encouragement to investment in railroad securities in general which is much to be desired.

Apart from the fact that denial of the application can in no way deprive the applicant of whatever right it may have to a return upon its property, it is evident that if all carriers were now in the fortunate situation of applicant, with splendidly buttressed credit and assurance of regular and generous dividends, no further encouragement would be needed for investment in railroad securities. The best encouragement that can be offered is insistence upon the sound and conservative financial management which has so far characterized this carrier.

3. It is suggested that if the application is denied, carriers will have no inducement in the future to use surplus earnings for additions and betterments, but that instead stockholders will insist each year upon the distribution of all available earnings.

This argument is based upon an assumption plainly contrary to the fact, namely, that the creation of uncapitalized surplus reserves, thus enhancing credit and the assurance of dependable dividends of liberal amount, is of no benefit to stockholders.

4. Our attention is called to paragraph 6 of section 5 of the interstate commerce act, which provides that in the event of consolidation of railroad companies the capitalization "shall not exceed the value of the consolidated properties," and it is suggested that in view of this provision we should encourage the gradual adjustment of the capital of carriers to the value of their properties.

This argument is based on what I think is the mistaken assumption that the words "shall not exceed" in the provision cited are equivalent to the words "shall equal." It is far from certain that consolidations of properties will necessitate capitalization of surplus reserves. The terms of future possible mergers are not now before us. They can be dealt with when the occasion arises.

The kernel of the application is the request for authority to issue \$80,000,000 of bonds. The \$60,000,000 stock dividend which the majority have approved is a far less important part of the plan and, without the bonds, will be of relatively little consequence to applicant or its stockholders. From the public standpoint the objections differ only in degree. The application should, I feel, be rejected in its entirety.

FORD, *Commissioner*, dissenting:

Although I concur in so much of the majority report as authorizes the issue of capital stock, I dissent from the finding that applicant has not justified the issuance of bonds against its surplus. I allow that the formal terms in which the application was made did not warrant our approval of the bond issue as proposed. I allow that on the face of it any proposal to issue bonds as a dividend to stockholders is not only vicious in character, but is also reminiscent of practices that have in the past brought shame and disgrace upon American railroad management. But the application was accompanied by explanations of purpose, which purpose we had power to secure by appropriate stipulations, that seemed to me to entitle it to our favorable consideration, to the extent of granting authority to issue \$80,000,000 in 6 per cent bonds as well as \$60,000,000 in stocks. It seemed to me that when the circumstances of the case were duly considered, the essence of the proposition before us was whether we should facilitate arrangements tending to conserve the present relations between this applicant and the controlling roads and to obtain for them needed financial accommodations on favorable terms.

The record shows that nearly 98 per cent of the capital stock of the Burlington road is held in joint ownership by the Northern Pacific and the Great Northern. At a time when the Burlington was in need of Pacific coast termini which it was planning to obtain by extension of its lines, and when the Northern Pacific and the Great Northern were in need of terminal facilities at Chicago and other western cities which they were planning to obtain, it was decided that combination of interests would supply these needs more economically and efficiently than would be possible by independent action, each carrier for itself. After efforts made in various directions, the northern carriers in 1901 obtained control of the Burlington. Since then the mileage owned and operated by the Burlington

has been increased over 1,334 miles and the freight tons handled have increased from about seventeen millions in 1901 to over forty-nine millions in 1919. The financial results of this increase are set forth in the following table of net income, in which the Burlington is contrasted with systems of similar character, one of which, the Chicago & North Western, had been sought in the way of similar alliance before the northern carriers turned to the Burlington:

	Chicago & North Western Ry. Co.	Chicago, Milwaukee & St. Paul Ry. Co.	Chicago, Burlington & Quincy Ry. Co.
Year ended June 30, 1901.....	\$10,146,563	\$8,183,157	\$8,159,520
Year ended June 30, 1902.....	10,810,328	9,640,458	10,060,064
Year ended June 30, 1903.....	10,751,849	10,473,259	13,395,047
Year ended June 30, 1904.....	9,625,241	10,718,401	12,943,111
Year ended June 30, 1905.....	10,642,822	11,858,826	13,829,905
Year ended June 30, 1906.....	15,026,053	10,782,764	12,852,919
Year ended June 30, 1907.....	15,965,566	13,489,813	13,141,931
Year ended June 30, 1908.....	13,864,191	12,555,450	12,684,089
Year ended June 30, 1909.....	14,159,794	13,112,200	13,046,909
Year ended June 30, 1910.....	12,523,997	17,315,815	13,975,621
Year ended June 30, 1911.....	12,828,100	16,358,314	17,509,073
Year ended June 30, 1912.....	11,505,331	9,913,838	14,764,732
Year ended June 30, 1913.....	14,875,013	17,643,068	20,086,193
Year ended June 30, 1914.....	12,806,142	15,467,233	17,774,268
Year ended June 30, 1915.....	11,914,049	12,108,175	19,041,919
Year ended June 30, 1916.....	17,282,510	16,860,684	29,846,270
Year ended Dec. 31, 1916.....	20,308,924	16,209,842	32,994,726
Year ended Dec. 31, 1917.....	17,125,031	4,605,595	29,406,032
Year ended Dec. 31, 1918.....	9,810,822	6,457,361	22,792,500
Year ended Dec. 31, 1919.....	13,453,186	7,785,453	23,542,471

It is admitted that although the fixed charges of the Burlington would be augmented by this bond issue, its capitalization per mile would still be low as compared with that of other large systems in the same general territory. Per mile of road owned, it amounts for the applicant to \$31,836.45 as against \$46,232 for the Chicago, Rock Island & Pacific; \$47,919 for the Chicago & North Western; \$52,641 for the Great Northern; \$55,875 for the Atchison, Topeka & Santa Fe; \$56,046 for the Missouri Pacific; \$60,165 for the Chicago, Milwaukee & St. Paul; \$65,488 for the Northern Pacific; and \$87,196 for the Union Pacific. In case there were authorized \$60,000,000 additional stock and \$80,000,000 additional bonds, or a total of \$140,000,000, the applicant's capitalization per mile would amount to \$47,478. I see no ground for thinking that the applicant's ability to serve the public would be at all impaired.

The immediate need for a bond issue is to provide for the maturing obligations of the northern carriers, contracted in acquiring their holdings of Burlington stock. If they can get the use of \$80,000,000 of Burlington bonds they say they can by that much reduce the amount of their maturities and can then refund the remainder at about 6 per cent. If denied that resource they say they will not be

able to effect refunding for less than about 8 per cent. The majority report does not share applicant's apprehensions relative to the difficulties of refunding operations at a reasonable rate of interest without this Burlington bond issue, but it will scarcely be disputed that it will cost more without that issue than with the use of it by the controlling roads.

The evidence presented to us has been such as to convince me that the practical results of the relationship between the Northern Pacific, the Great Northern, and the Burlington have been signally to the advantage of all these carriers, and particularly to that of the Burlington; that it is to the public interest that this relationship shall be allowed to continue; that it is to the interest of the Burlington that the controlling carriers shall not be subjected to interest charges that can be avoided if they are allowed to avail themselves of their equities in the Burlington's assets; and that it is to the public interest that carriers shall not be unnecessarily burdened with capital costs which must inevitably be reflected in their charges to the public for their service and in the character of that service. Therefore it appears to me that while in form this proposed bond issue was a dividend to stockholders, it was in substance a readjustment of obligations to the common benefit of all three carriers and decidedly to the public interest.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and the Commission having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, Burlington & Quincy Railroad Company be, and it is hereby, authorized to issue shares of its common capital stock in the aggregate par amount of \$60,000,000 and to distribute the same as a dividend pro rata among its stockholders.

It is further ordered, That within 10 days after such issuance, but not later than September 1, 1921, the applicant shall report to the Commission all pertinent facts as to the exercise of the authority herein granted, said report to be in writing and signed and verified by an executive officer of the applicant having knowledge of the facts therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common capital stock or dividends thereon on the part of the United States.

FINANCE DOCKET No. 1083.

IN THE MATTER OF THE APPLICATION OF THE
WICHITA FALLS & SOUTHERN RAILROAD COMPANY
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY.

Submitted January 25, 1921. Decided February 28, 1921.

Certificate issued authorizing the construction of a line of railroad in Stephens and Young counties, Tex.

C. C. Huff and Frank Kell for the Wichita Falls & Southern Railroad Company.

J. H. Barwise, jr., for the receiver of the Texas & Pacific Railway Company and for the Wichita Falls, Ranger & Fort Worth Railroad Company.

Fred R. Ellis for the Wichita Falls, Ranger & Fort Worth Railroad Company.

J. J. Butts for the Cisco & Northeastern Railway Company.

D. B. Richie for the Gulf, Texas & Western Railway Company.

W. M. Odell for the St. Louis, San Francisco & Texas Railway Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wichita Falls & Southern Railroad Company, on November 12, 1920, filed its application for a certificate of public convenience and necessity authorizing it to construct a line of railroad from Newcastle, Young county, by way of Graham, South Bend, and Eliasville, to Breckenridge, Stephens county, in the state of Texas, a distance of approximately 44 miles. Notice of the filing of the application was duly given to, and a copy filed with, the governor of Texas, and like notice was published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line of railroad is to be constructed and operated. Thereafter the applicant made due return to our questionnaire, and the case was heard for us by the Railroad Commission of Texas.

The applicant was organized in 1920 for the purpose of building the line in question. Its capital stock, as authorized by the articles of incorporation, is divided into 144 shares of the par value of \$1,000 each. Its principal stockholders are the owners of a controlling in-

terest in the stock of the Wichita Falls & Southern Railway Company, which owns and operates a railroad extending from Wichita Falls, Tex., to Newcastle. The proposed line is to all intents and purposes an extension of the line just mentioned, to form a continuous route from Wichita Falls to Breckenridge.

The promoters of the applicant were formerly associated with the organizers of the Wichita Falls, Ranger & Fort Worth Railroad Company, hereinafter termed the Ranger, organized with the intention of building a railroad from a connection with the Missouri, Kansas & Texas Railway at De Leon, through Breckenridge to Newcastle. Subsequently, however, the former withdrew from that project, which was so modified that the Ranger built its line to Jimkurn, a short distance north of Breckenridge, and the plan of building to Newcastle was abandoned by the Ranger's promoters. In the meantime, however, and prior to the passage of the transportation act, 1920, the applicant and its individual stockholders contracted with parties in Newcastle and Breckenridge to build the line involved in this proceeding. The route designated in the application would parallel the Ranger between Jimkurn and Breckenridge, although as laid out the line would run some distance to the west of Jimkurn. The Ranger, therefore, appeared in opposition to so much of the plan as involved paralleling its line, and the matter was tentatively adjusted by stipulation on the record to the effect that the application herein may be considered as amended so as to ask for a certificate authorizing construction from Newcastle through Graham, South Bend, and Eliasville to Jimkurn, the applicant to be given trackage rights over the Ranger from Jimkurn to Breckenridge, and the Ranger on its part to have trackage rights over the applicant's line between Jimkurn and Eliasville. This stipulation disposed of the Ranger's objections.

Protests were also filed by the Eastland, Wichita Falls & Gulf Railway Company, the Cisco & Northeastern Railway Company, the Texas & Pacific Railway Company, and the Gulf, Texas & Western Railway Company. The first two of these protestants reach Breckenridge from the south and desire to build to Graham over the route named in this application but have not made application for authority to do so. The Texas & Pacific Railway Company contends that a line extending north from Breckenridge would deprive it of revenues which are needed for its successful operation. The Gulf, Texas & Western Railway extends from Seymour, in Baylor county, through Jacksboro and thence south to Galesville. At Jacksboro it connects with the Chicago, Rock Island & Gulf Railway, which has a branch extending to Graham. The Gulf, Texas & Western Railway crosses the existing line of the Wichita Falls & Southern Railway at Olney,

and alleges that the proposed line would deprive it of the haul by the present circuitous route from Graham via Jacksboro to Olney and thence to Wichita Falls. No proof was offered as to the volume of traffic which would thus be diverted. None of the protestants deny that there is a definite need for a line of railroad between Breckenridge and Newcastle.

There are extensive deposits of coal in the vicinity of Newcastle, the development of which has been retarded, according to the proof, by the lack of a direct outlet to the south, which the proposed line would afford. Between Newcastle and Breckenridge the territory is devoted to farming and stock raising, which industries are well established, and to the production of crude oil, which is a more recent development but which is said to have passed the prospecting stage. A direct route to Wichita Falls, affording an outlet for the shipment of crude oil and the other products to Oklahoma and points north, is greatly desired, as well as transportation for the machinery and supplies needed in the oil business in the territory to be served. Such material is now trucked from Graham or Breckenridge to the oil fields, and it is estimated that a saving of more than \$1,000,000 annually in hauling charges alone will be effected by the operation of the proposed line. The applicant also states that it has definite assurance of a large volume of through traffic over its lines from both north and south.

On the basis of present production in the region affected, the applicant estimates the probable volume of local traffic for the first year's operation of the line as follows:

Commodity.	Carloads.	Gross revenues.	Applicant's proportion.
Iron pipe.....	500	\$275,000	\$65,000
Oil-well machinery.....	250	169,000	30,000
Lumber and shingles.....	1,000	204,000	55,000
Brick.....	500	22,500	12,000
Cement.....	300	45,000	10,000
Merchandise.....	500	250,000	60,000
Merchandise (l. c. l.).....	750	300,000	65,000
Crude oil.....	6,000	600,000	225,000
Live stock.....	400	20,000	6,000
Grain, hay, and cottonseed.....	300	15,000	7,000
Total.....	10,400	1,900,500	535,000

Some decrease in tonnage in the succeeding years is anticipated, and the applicant estimates its gross revenues during the fifth year at about \$427,000. Accepting this estimate, but substituting an operating ratio of 75 per cent for the 65 per cent used by the applicant, the following is the probable result of operation for the fifth year:

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Operating revenues	\$427, 000
Operating expenses	320, 000
Net earnings	107, 000
Taxes at 5 per cent of gross revenue.....	21, 350
Remainder for depreciation and return.....	85, 650

The last-named amount is about 3.2 per cent on \$2,632,599, the estimated cost of road and equipment. No definite prediction is made as to the probable revenues after the fifth year. During each of the first four years the gross revenues, according to the estimate, will exceed those for the fifth year, but if the applicant charges off its development cost during that period the percentage of return will probably not be materially larger than the figure obtained in the computation given above. The above estimate does not take into account any earnings from through traffic, as to which no estimate is made by the applicant.

Contracts between the promoters of the line and citizens of the several communities to be served call for the payment of cash bonuses aggregating about \$330,000 and the donation of rights of way valued at approximately \$47,000. It is stated that 50 per cent of the funds required to build and equip the line is now in hand. The applicant presented its general plan covering the amount and character of securities to be issued, but as it is neither necessary nor desirable to pass upon such plan in this proceeding, nothing herein is to be taken as an approval of the contemplated arrangements for refunding the cost of construction. It should be said, however, that the applicant will be expected to confine its issue of securities to the actual cost of the road and equipment; that the cost of construction will be correctly recorded; and that in issuing bonds the applicant will be required to limit the amount to not more than 50 per cent of the total cost of road and equipment, exclusive of amounts donated, so that fixed charges will in no event exceed the estimate of net income from local traffic.

A thorough review of the situation was made by the Railroad Commission of Texas, which filed a strong indorsement of the character and standing of the promoters and an urgent recommendation that the application be granted. The record fully sustains its position as to the need for transportation facilities in the territory in question, and while there is some doubt as to the adequacy of the prospective return, we think that opportunity should be given the parties interested to provide themselves with needed railroad facilities.

We therefore find that the present and future public convenience and necessity require the construction of the railroad in question. A certificate to that effect will accordingly be issued.

. Certificate of Public Convenience and Necessity.

This application having been duly considered, and full investigation of the matters and things involved having been made, and said Division having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction by the Wichita Falls & Southern Railroad Company of a line of railroad extending from Newcastle, Young county, through the towns of Graham, South Bend, and Eliasville, to Jimkurn, Stephens county, all in the state of Texas.

It is ordered, That said Wichita Falls & Southern Railroad Company be, and it is hereby, authorized to construct said line of railroad, the same to be built and placed in operation on or before December 31, 1922.

It is further ordered, That said Wichita Falls & Southern Railroad Company, when filing schedules establishing rates and fares to and from points on said newly constructed line of railroad, shall in said schedules make specific reference to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted February 26, 1921. Decided March 1, 1921.

Application granted in part and loan of \$1,173,500 approved.

S. Davies Warfield and Forney Johnston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 28, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet its maturing indebtedness and to provide itself with additions and betterments to equipment and to way and structures. On January 7 and 19, 1921, the applicant supplemented the application.

On February 8, 1921, the applicant withdrew the application and filed in place thereof and in substitution therefor, a revised application in which it sets forth:

1. That the amount of the loan desired is \$3,679,678.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to meet its maturing indebtedness and to provide itself with additions and betterments, as follows:

		Loan desired.
Maturing indebtedness	\$1, 928, 753	\$1, 928, 753
Additions and betterments to equipment and to way and structures.....	1, 750, 925	1, 750, 925
Total	3, 679, 678	3, 679, 678

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's preferred and common capital stock, its first and consolidated mortgage series-A 6 per cent gold bonds, due 1945, stocks and bonds of other companies owned by the applicant, and United States government liberty loan bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant efficiently to operate its property with the result that interruptions and congestions in traffic will be relieved.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

By our certificate No. 21, of September 11, 1920, we approved a loan of \$6,073,400 to the applicant for the purpose of aiding it in meeting its maturing indebtedness and in providing itself with equipment and other additions and betterments, pursuant to the application filed with us May 22, 1920.

On February 16, 1921, we had an informal hearing in the matter of the application, at which were present applicant's president, vice president in charge of operations, general counsel, comptroller, treasurer, and general manager. At said informal hearing, we had under consideration the applicant's actual income account for the year ending December 31, 1920, equated to basis of 1921 as to earnings and wages, compared with a forecast of income account for the year ended December 31, 1921, submitted by the applicant's vice president in charge of operations, as follows:

	Actual 1920.	Add to equate to 1921.	Total 1920 equated.	Deduct for variations.	Estimate for 1921.
Total railway operating revenues....	\$49,265,000	\$6,997,000	\$56,262,000	\$746,000	\$55,516,000
Operating expenses:					
Maintenance of way and structures.....	8,224,000	343,000	8,577,000	1,687,000	6,890,000
Maintenance of equipment.....	11,459,000	469,000	11,928,000	2,288,000	9,640,000
Traffic.....	1,268,000	46,000	1,314,000	.....	1,356,000
Transportation.....	25,081,000	1,089,000	26,170,000	1,270,000	24,900,000
Miscellaneous.....	476,000	19,000	495,000	25,000	470,000
General.....	1,995,000	92,000	2,087,000	87,000	2,000,000
Total.....	48,513,000	2,058,000	50,571,000	5,267,000	45,256,000
Net revenue from railway operations.....	752,000	.....	5,601,000	.....	10,260,000
Taxes.....	1,687,000	.....	1,687,000	.....	1,800,000
Uncollectible railway revenue.....	8,000	.....	8,000	.....	8,000
Total railway operating income.....	<i>1948,000</i>	.....	3,996,000	.....	8,454,000
Other income.....	558,000	.....	558,000	.....	558,000
Gross income.....	<i>1,385,000</i>	.....	4,554,000	.....	8,310,000
Deductions from gross income:					
Hire of equipment.....	1,643,000	.....	1,643,000	.....	974,000
Interest on funded debt.....	5,035,000	.....	5,035,000	.....	6,008,000
Interest on unfunded debt.....	460,000	.....	461,000	.....	78,000
Other deductions.....	1,802,000	.....	1,802,000	.....	297,000
Total deductions.....	8,940,000	.....	8,940,000	.....	7,957,000
Net income.....	<i>19,325,000</i>	.....	<i>14,386,000</i>	.....	858,000

¹ Deficit indicated by italics.

Only that part of the application in respect of applicant's immediate needs for maturing indebtedness is considered at this time. The balance of the application will be considered in a subsequent report.

After investigation, we find that the making in part of the proposed loan by the United States for the purpose of meeting maturing indebtedness in the amounts hereinbelow set forth:

Equipment-trust obligations and interest:

Series-N notes, due Feb. 15, 1921.....	\$75,000
Interest on above notes.....	3,375
Series-P notes, due Feb. 15, 1921.....	95,000
Interest on above notes.....	14,250
Interest on first and consolidated mortgage, due Mar. 1, 1921.....	832,725
Atlanta-Birmingham Air Line first mortgage, due Mar. 1, 1921.....	118,200
Three-year gold notes, due Mar. 15, 1921.....	35,000
Total.....	1,173,550

in even hundreds of dollars, namely, \$1,173,500, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

One of the conditions of the loan will be that, in event we shall so direct, all of the applicant's net income at the end of each calendar year shall be applied to the repayment of the loan until there shall have been so applied an amount equivalent to the amount of maturing interest to be financed from the proceeds of the loan and hereinabove set forth, namely \$1,003,500, and the applicant shall report to us from time to time any such net income available for said repayment.

A further condition of the loan will be that the applicant shall furnish us monthly statements of expenditures made from the proceeds of the loan.

A further condition of the loan will be that any amounts received by the applicant on account of just compensation accrued during federal control or under any provisions of the federal control act, and any amounts certified by us for the applicant under the provisions of section 209 of the transportation act, 1920, as amended, shall, in event we shall so direct, be applied to the liquidation of this loan and any loans heretofore or hereafter made to the applicant pursuant to section 210 of the transportation act, 1920, as amended, and

the applicant shall report to us when and as any such amounts are received by it.

A further condition of the loan will be that whenever the applicant shall draw down, or shall become entitled to draw down, by reason of expenditures made from the proceeds of the loan, any bonds or other securities under any mortgage or other instrument, or otherwise, such bonds or other securities shall forthwith be delivered, or be drawn down and delivered, to the Secretary of the Treasury as additional collateral security for said loan and any and all other loans heretofore or hereafter made to the applicant pursuant to section 210 of the transportation act, 1920, as amended.

An appropriate certificate will be issued.

DANIELS, *Commissioner*, dissenting:

I am not persuaded that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay this loan within the time fixed therefor and to meet its other obligations in connection with such loan; and therefore, do not concur in this report and certificate.

Certificate No. 75 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,173,500 by the United States to the Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,173,500.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$1,790,000, principal amount, of applicant's first and consolidated mortgage series-A

6 per cent gold bonds, due 1945, issued under an indenture of mortgage, dated September 1, 1915, and executed by the applicant to the Guaranty Trust Company of New York and William C. Cox, as trustees. Said bonds are in definitive coupon form, having coupon due March 1, 1921, and subsequent coupons attached, are in the denomination of \$1,000, and are numbered as follows:

M20241 to M20250, inclusive.....	10 bonds
M26228 to M26234, inclusive.....	7 bonds
M26495 to M26886, inclusive.....	392 bonds
M27793 to M27794, inclusive.....	2 bonds
M39773 to M40438, inclusive.....	666 bonds
M42780 to M43492, inclusive.....	713 bonds
Total.....	1,790 bonds

(b) The loan shall be further secured by the pledge of applicant's equity in \$3,902,000, principal amount, of said first and consolidated mortgage series-A 6 per cent gold bonds, due 1945, subject to the delivery to the Secretary of the Treasury of an instrument of pledge substantially in the form marked "Exhibit A," hereto annexed and made a part hereof.¹

(c) The loan shall be further secured by the pledge of the following-described securities:

Applicant's 4-2 per cent preferred capital stock, evidenced by certificate No. 03072, for 11,059 shares, issued in the name of the applicant and duly assigned in blank, \$1,105,900, par value.

Applicant's common capital stock evidenced by certificate No. 03992 for 6,250 shares issued in the name of Robt. L. Nutt, treasurer, and duly assigned in blank; certificate No. 03993 for 4,966 shares, issued in the name of the applicant and duly assigned in blank; and certificate No. 03558 for 4,000 shares, issued in the name of the applicant and duly assigned in blank; aggregate, \$1,521,600, par value.

Albany Passenger Terminal Company stock, evidenced by certificate No. 7 for 29 shares, issued in the name of the Seaboard Air Line Railway and duly assigned in blank; and certificate No. 20 for 1 share, issued in the name of M. J. Caples and duly assigned in blank; aggregate, \$3,000, par value.

North Charleston Terminal Company stock, evidenced by certificate No. 3 for 48 shares and certificate No. 12 for 300 shares, issued in the name of the applicant and duly assigned in blank; certificate No. 15 for 1 share issued in the name of M. J. Caples and duly assigned in blank; and certificate No. 16 for 1 share issued in the name of W. R. Bonsal and duly assigned in blank; aggregate, \$35,000, par value.

Chatham Terminal Company stock, evidenced by certificate No. 2 for 247 shares issued in the name of the applicant and duly assigned in blank; certificate No. 11 for 1 share, issued in the name of M. J. Caples and duly assigned in blank; certificate No. 12 for 1 share, issued in the name of Mills B. Lane and duly assigned in blank; and certificate No. 13 for 1 share issued in the name of William Murphy and duly assigned in blank; aggregate, \$25,000, par value, upon all of which certificates there is or may be indorsed or recited the statement that \$75 per share has been paid.

Durham Union Station Company first-mortgage 50-year 5 per cent gold bonds, due May 1, 1955, \$13,000, principal amount. Said bonds are registered

¹ On file with the Commission, but not shown in printed report.
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in the name of the Seaboard Air Line Railway, are duly assigned in blank, and are numbered and of principal amounts as follows: No. 7, principal amount, \$6,000; No. 11, principal amount, \$7,000; total, \$13,000.

Florida Central & Gulf Railway first-mortgage series-A 5 per cent gold bonds, due July 1, 1967, \$200,000, principal amount. Said bonds are in temporary form, without coupons, are of the denomination and principal amount, and are numbered as follows:

	Denomination.	Amount.
10 bonds, Nos. X-1 to X-10, inclusive-----	\$10, 000	\$100, 000
2 bonds, Nos. L-1 to L-2, inclusive-----	50, 000	100, 000
Total-----		\$200, 000

United States government second liberty loan 4½ per cent gold bonds, converted, due 1927-42, \$4,000, principal amount. Said bonds having coupon due May 15, 1921, and subsequent coupons attached, are of the denomination of \$1,000, and are numbered as follows: E 00869175, A 00869176, B 00869177, and C 00869178.

United States government third liberty loan 4½ per cent gold bonds, due 1928, \$5,350, principal amount. Said bonds, having coupon due March 15, 1921, and subsequent coupons attached, are of the denomination and principal amount, and are numbered, as follows:

	Denomination.	Amount.
5 bonds, Nos. 437957 to 437961, inclusive-----	\$1, 000	\$5, 000
8 bonds, Nos. 1068862 to 1068864 inclusive-----	100	300
1 bond, No. 556753-----	50	50
Total-----		\$5, 350

United States government fourth liberty loan 4½ per cent gold bond, converted, of 1933-38, \$500, principal amount. Said bond having coupon due April 15, 1921, and subsequent coupons attached, is numbered H 00295328.

(d) The loan shall be further secured by the execution and delivery by the applicant to the Secretary of the Treasury of an instrument of pledge substantially in the form marked "Exhibit B," hereto attached and made a part hereof.¹

(e) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(f) The applicant may repay all or any part of the loan before maturity. When and as any repayment of the loan is made, the collateral security shall be released proportionately, except that no release shall be made of the collateral described in the instruments of pledge hereto attached, marked "Exhibit A" and "Exhibit B" except as therein provided.¹

¹ On file with the Commission, but not shown in printed report.

(g) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans, or parts of loans.

(h) The applicant has agreed in an instrument in writing, dated the 28th day of February, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) Applicant shall furnish the said Commission at the end of each calendar month a detailed statement of any and all expenditures made from the proceeds of said loan until the entire proceeds thereof have been expended; (2) as soon as applicant's books or accounts for each calendar year shall be closed, applicant shall report to the Commission the amount of applicant's net income for such calendar year, to be determined in accordance with the Commission's accounting classifications for steam roads for such year. Until the sum of \$1,003,500 shall have been paid upon the principal of said loan the Commission at any time within 30 days after the receipt of such report may by written demand require applicant to apply in repayment of said loan a sum equal to the entire amount of such net income, or any part thereof, and applicant covenants and agrees forthwith to comply with said demand. In determining net income for the purpose of this section, applicant may deduct from the amount thereof, any and all items that may be credited to or included in applicant's income account arising out of the items referred to in section 3 hereof which shall have been paid or transferred to the Secretary of the Treasury; (3) applicant shall forthwith report in writing to the Commission any amount or amounts which may become liquidated and determined by reason of final settlement of accounts, judgment, agreement, warrant, certificate, or otherwise and payable to applicant out of the following: (a) Any and all amounts receivable by applicant from the United States on account of just compensation or otherwise arising out of or through federal control or under any of the provisions of the federal control act, or (b) any and all amounts receivable by applicant pursuant to any certificate or certificates to be made by the Interstate Commerce Commission for the use and benefit of the applicant under the provisions of section 209 of the transportation act, 1920, as amended. At any time within 30 days after the receipt of any such report, the Commission may by written demand require the whole or any part of

the items covered by such report to be applied by applicant when and as received, in payment on said loan or on any other loan or loans heretofore or hereafter made to applicant pursuant to section 210, transportation act, 1920, as amended. Applicant covenants and agrees to apply the items required by said written demand as therein directed, when and as such items shall be received by applicant. If any such item payable to the applicant as aforesaid shall not have been actually paid to applicant or upon its order within a period of 90 days after the last report hereunder relative to the same shall have been received by the Commission, a further report thereof shall be made by the applicant to the Commission with like effect as if no previous report had been made or action taken thereon. Applicant hereby covenants and agrees that no disposition of the claims, demands, items, and amounts referred to in this subdivision 3 shall be made, attempted or suffered, contrary to the purpose and intent hereof. (4) It is agreed and understood, and this instrument is given on the condition, that this instrument and that any of the terms, conditions, and provisions hereof shall be subject to rescission or amendment at any time in any particular by written instrument executed by the applicant by and with the concurrence or approval of the Interstate Commerce Commission (or any other agency authorized to represent the United States in the matter of the security for such loan or loans) and that, with like approval or concurrence, any of the accounts, amounts, balances, sums, certificates or other payments hereinabove referred to may be released from the operation of this instrument or be substituted by other securities or provisions deemed adequate by the Commission. (5) It is further understood and agreed that none of the provisions of this instrument shall be construed in such wise as to impair the right of the undersigned to negotiate or agree upon the amount due or to sue for and recover in its own name upon any cause of action or claim to which the undersigned is now or may hereafter be entitled, the intention hereof being that this agreement as to the disposition thereof shall attach to the payment of the sums, amounts, or balances hereinabove specifically referred to when and as soon as the same shall be liquidated by agreement, suit, or otherwise and be actually payable by the United States. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the

opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 1st day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1109.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & NORTH WESTERN RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES AND TO SELL SAID CERTIFICATES.

Submitted February 17, 1921. Decided March 1, 1921.

Authority granted:

1. To assume obligation or liability to pay as rental for, and on account of the purchase price of, certain equipment, title to which will ultimately vest in the applicant, sums sufficient to pay as and when due the principal of \$9,630,000 of equipment-trust certificates, the interest thereon at a rate not exceeding 7 per cent per annum, and certain other charges, by entering into a proposed trust agreement with certain vendors of equipment and the Farmers' Loan & Trust Company and Edwin S. Marston, trustees, under which specified equipment will be held in trust for the benefit of holders of the certificates to be issued thereunder, and proposed agreements of lease with the said trust company covering such equipment.
2. To sell such equipment-trust certificates issued by the trust company under the aforesaid trust agreement as may be delivered to the applicant for moneys advanced to said vendors of equipment.

Terms and conditions prescribed.

James B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago & North Western Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act, to assume obligation or liability in respect to \$9,630,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into said agreement and into leases with the trustees thereunder covering the trust equipment, and to sell such certificates at not less than 97 per cent of par to reimburse its treasury for moneys advanced to parties, hereinafter described as vendors, for use in procurement by them of said equipment. Unexecuted copies of the proposed agreement and leases were submitted with the application.

Traffic requirements of the applicant are such that additional equipment is necessary to enable it to render adequate service to the

public. Its board of directors has therefore authorized the purchase, through the medium of the proposed equipment trust, of the following:

	Estimated cost per unit.	Total.
40 class-J locomotives.....	\$73,413	\$2,936,53
20 class-E locomotives.....	68,625	1,332,000
500 steel ore cars.....	2,284	1,142,000
500 steel-underframe stock cars.....	2,605	1,302,750
250 steel-underframe refrigerator cars.....	4,872	1,218,125
50 steel-underframe caboose cars.....	4,112	205,600
25 standard steel coaches.....	26,771	669,275
9 steel smoking cars.....	25,979	233,811
2 steel postal cars.....	27,500	55,000
23 baggage cars.....	22,000	506,000
3 combination mail and baggage cars.....	27,500	82,500
Total estimated cost.....		9,684,093

In order to provide for the payment of \$9,630,000 of such total estimated cost and for future acquisition of equipment, it is proposed that John D. Caldwell, Lewis A. Robinson, Arthur B. Jones, and Theodore H. Goodnow, called the vendors, the Farmers' Loan & Trust Company and Edwin S. Marston, termed the trustees, and the applicant enter into an agreement, to be dated as of the date of execution, creating the Chicago & North Western Railway Company equipment trust of 1920. Under the terms of this agreement, the vendors, upon acquiring title to and possession of equipment from the manufacturers, will transfer and deliver the same to the trustees in trust for the equal benefit of holders of the series of trust certificates to be issued in respect thereof by the said trust company under the agreement.

The trustees and the applicant will thereupon enter into a lease or leases of the equipment, each lease to be dated as of the date of its execution, to be for a term of 15 years, and to be of the specific equipment represented by a single series of certificates and designated by the series of such certificates representing the equipment covered thereby. The applicant will agree thereby, among other things, to pay to the trustee an annual rental which shall be sufficient to pay and discharge the principal of the certificates and the interest thereon, as and when the same shall become due and payable, and certain other charges specified in the agreement and leases.

Equipment will be delivered to the applicant by the trustees upon receipt from the vendors and will remain in the applicant's possession thereafter for the term of the lease specifically covering the same, and until the applicant shall have paid all rent and charges as provided therein, title to the equipment will not vest in the applicant, but will remain in the trustees until such payment, whereupon such title will be transferred to the applicant by the trustees.

The proposed agreement provides that the trust company shall issue certificates to an amount not to exceed the cost of the equipment delivered to it nor an aggregate principal amount of \$10,000,000. Each certificate originally issued will evidence the right of the bearer thereof to a share in the equipment trust to the amount of \$1,000, and attached to each certificate will be interest warrants evidencing the right of the holder to interest on the principal thereof at a specified rate not to exceed 7 per cent per annum, payable semi-annually to and including the designated date of maturity. These certificates may be registered as to principal by indorsement thereon or be exchanged for registered certificates in denominations of \$1,000, \$5,000, \$10,000, and \$50,000. Certificates to the amount of one-fifteenth of each series will be due and payable at the expiration of each year succeeding the date of such series, so that each series will be fully paid in 15 years after its issue.

It is proposed that the \$9,630,000 of certificates with respect to which our authority is sought, be issued in three series, representing specific groups of the equipment listed above as scheduled in the respective agreements of lease, as follows: Series J, dated March 1, 1921, \$2,805,000; series K, dated April 1, 1921, \$4,005,000; and series L, dated May 1, 1921, \$2,820,000.

Funds necessary to obtain this equipment will be advanced to the vendors by the applicant. Upon their issue by the trustee, therefore, the appropriate certificates will be delivered to the applicant on the order of the vendors. The applicant desires authority to sell the certificates thus to be acquired at not less than 97 per cent of par, in order to reimburse its treasury for moneys advanced for the payment of the equipment. No arrangements for disposing of the certificates have yet been made, but the applicant proposes to invite bids.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Michigan has been filed by the Public Utilities Commission of that state, in which dismissal of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of certain states we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are con-

cerned. The answer on behalf of Michigan also recites that the Michigan Public Utilities Commission has heretofore authorized the issue of the equipment-trust certificates described in this proceeding, and contends that the federal government has no right to impose the requirement of securing our authority.

Paragraph 7 of section 20a of the interstate commerce act confers jurisdiction upon us to authorize the issue of securities by carriers. It is provided therein that carriers may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without said authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Michigan, we are of opinion that we have jurisdiction.

The Nebraska State Railway Commission suggested that the authority for the issue of these securities be conditioned upon the payment of the trust certificates out of funds derived from the sale of securities and not out of operating revenues. This suggestion is intimately related to the question of proper provision for depreciation which we now have under investigation. It will receive consideration in that connection. No objection to the granting of the application has been offered by the authorities of any state other than those named.

We find that (1) the proposed assumption by the applicant of obligation or liability in respect of \$9,630,000 of equipment-trust certificates by the execution of an equipment-trust agreement and leases of the trust equipment thereunder, and (2) the proposed sale of said certificates, are (a) for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date thereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized to assume obligation or liability to pay as rental for, and on account of the purchase price of, certain railway equipment described in said report, sums sufficient to pay and discharge the principal of not exceeding \$9,630,000 of equipment-trust certificates and the interest thereon at a rate not to exceed 7 per cent per annum, as and when the same shall respectively become due and payable, and the expenses of the trust, compensation of the trustee, and taxes, (1) by entering into a proposed agreement with John D. Caldwell, Lewis A. Robinson, Arthur B. Jones, and Theodore H. Goodnow, as vendors, and the Farmers' Loan & Trust Company and Edwin S. Marston, as trustees, creating the Chicago & North Western Railway Company equipment trust of 1920, substantially in the form submitted with the application and bearing date as of the date of execution thereof, under which equipment is to be transferred by the vendors to the trustees in trust for the equal benefit of the holders of trust certificates representing such equipment to be issued under the agreement by the trust company; said certificates to be issued in series representing specific lots of equipment, as follows: \$2,805,000 to be of series J, to be dated March 1, 1921, and to represent certain ore and caboose cars, and class-J locomotives; \$4,005,000 to be of series K, to be dated April 1, 1921, and to represent certain refrigerator cars, and class-E and class-J locomotives; and \$2,820,000 to be of series L, to be dated May 1, 1921, and to represent certain passenger coaches and stock, smoking, postal, baggage, and combination cars; and to be substantially in the form, and to entitle the holders to a share in the trust, interest, and rights and privileges, as specified in said agreement and outlined in said report; and (2) by entering into leases of such equipment with said trust company in accordance with said agreement; each such lease to be substantially in the form submitted with the application and of the specific equipment represented by a single series of certificates.

It is further ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized to sell any or all of said \$9,630,000 of 1920 equipment-trust notes, series J, K, and L, as may be delivered to it on the order of the vendors aforesaid in consideration of moneys advanced by the applicant to the said vendors for procurement by them of the equipment represented thereby; *provided*, that said certificates may only be sold by the applicant at such price, not less than 97 per cent of par and accrued interest, that the total cost to the applicant of the issue and sale thereof shall not exceed 7 per cent per annum on the principal amount of the certificates sold, including in such cost the semiannual interest, discount, attorneys' fees, and all other expenses in connection therewith; and pro-

vided further, that none of said certificates nor the proceeds thereof shall be sold, pledged, repledged, used, or disposed of by the applicant otherwise than in the manner herein authorized, unless and until otherwise ordered by this Commission.

It is further ordered, That the authority herein granted shall not extend to any certificates issuable under said agreement in excess of the \$9,630,000 expressly limited herein.

It is further ordered, That within 10 days after the execution and delivery of said agreement and said leases, respectively, there shall be filed with the Commission verified copies of the same in the forms in which they were executed.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each period of six months thereafter, report to the Commission within 30 days after the close of such periods all pertinent facts relating (1) to the delivery of equipment and issue of certificates therefor, and (2) to the sale of such certificates by the applicant, distinguished by series to show what certificates have been sold, date of sale, to whom sold, terms of sale, proceeds realized therefrom, and the amounts expended from such proceeds during such period, with the account or accounts to which such expenditures were charged, and (3) to payments of the prescribed rentals in respect to which assumption of obligation or liability is herein authorized; said reports to be made periodically, as herein required, until all of said series J, K, and L certificates have been paid or otherwise satisfied and title to all the equipment represented thereby has been conveyed to the applicant; each report to be signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States either as to said series J, K, and L equipment-trust certificates, or interest thereon, or as to any assumption of obligation or liability in respect thereof by the applicant.

FINANCE DOCKET No. 1123.

IN THE MATTER OF THE APPLICATION OF THE UVALDE
& NORTHERN RAILWAY COMPANY FOR A CERTIFI-
CATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 25, 1921. Decided March 1, 1921.

Public convenience and necessity not shown to require the construction of a line of railroad in the counties of Uvalde and Real, state of Texas. Application denied.

Harry H. Rodgers, Will A. Morriss, and Martin & Martin for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Uvalde & Northern Railway Company, a carrier by railroad subject to the interstate commerce act, on December 3, 1920, filed an application for a certificate that public convenience and necessity require the construction of a line of railroad in the counties of Uvalde and Real, state of Texas. Upon receipt of such application due notice was given to the governor of Texas and like notice was published for three consecutive weeks in a newspaper of general circulation in each county in which said line of railroad is proposed to be constructed and operated. No representations were made by the governor or any other authority of the state of Texas either for or against the application, and the case was thereupon submitted on the return to our questionnaire without formal hearing.

The proposed line would extend from a connection with the Galveston, Harrisburg & San Antonio Railway, hereinafter called the Harrisburg, at a point known as Uvalde Junction, about 92 miles west of San Antonio, thence in a northerly direction through Uvalde county and about 4 miles into Real county, a total distance of about 37 miles. Connection would also be made at Uvalde Junction with a line of the San Antonio, Uvalde & Gulf Railroad Company, which runs south from Uvalde Junction about 52 miles to Carrizo Springs.

There is a large area north and west of San Antonio which is not now served by any line of railroad. Existing lines which bound this region are the Harrisburg on the south, the Kansas City, Mexico & Orient Railway on the north and west, and the Gulf, Colorado & Santa Fe Railway and other lines on the east. The region so

inclosed contains approximately 23,000 square miles, and includes eight counties which are wholly without railroads, incorporated cities, or villages, with an aggregate area of about 12,000 square miles and a population of 21,099, according to the census of 1920. The proposed railroad would be the only north-and-south line entering this territory, and would be 92 miles west of another line of railroad extending north; the distance to a north-and-south line on the west would be still greater. The population in the territory traversed by the proposed line and to be served thereby is sparse, it being estimated by the applicant that there are 500 people in the community called Samson, 200 in the community known as Montell, and about 300 engaged in lumbering operations at or near Camp Wood, which would be the northern terminus of the proposed line. This territory lies in the area of low rainfall; and very little agriculture is carried on except along and near the streams, where a small amount of irrigating has been done for some years. Farm products have not been grown in sufficient amount to supply local needs, and there is no indication that agriculture can be expected to furnish any substantial tonnage for the line in question in the near future.

The live-stock industry is well established in this region, but the applicant asserts that this has been handicapped by lack of transportation facilities, and that with the building of the proposed line there will be brought about an increase of at least 50 per cent in the number of animals raised for the market. The following table shows the total number of animals in the counties of Uvalde, Real, Edwards, and Kinney, according to the census of 1910, and also according to the local assessment rolls in each county for the year 1920:

	Uvalde county.		Real county.		Edwards county.		Part of Kinney county: assessment, 1920.
	Assessment, 1920.	Census, 1910.	Assessment, 1920.	Census, 1910.	Assessment, 1920.	Census, 1910.	
Cattle.....	56,081	43,433	5,934	.....	30,063	65,611	5,000
Horses and mules.....	5,076	7,533	1,660	.....	4,175	8,138	1,000
Hogs.....	3,563	4,922	2,900	.....	2,913	16,019	.....
Sheep.....	17,898	11,884	16,070	.....	202,377	120,455	10,000
Goats.....	46,556	49,020	92,658	.....	286,976	326,819	20,000

Mention is also made of clay deposits accessible to the line from which considerable tonnage will be available as soon as the line is built. The same is said to be true of supplies of gravel and building stone in the region, which have not developed because of the lack of transportation facilities. The highways are described as dirt roads of poor quality.

The applicant submits a detailed estimate of the probable volume of traffic, together with its prediction as to revenues and expenses.

To ascertain the probable tonnage that may be handled, the applicant presents figures showing the annual movement of various commodities to and from the four counties involved and then makes the assumption that parts of Uvalde and Kinney counties, together including about 300 square miles, and all of Real and Edwards counties, represent the field to be served exclusively by the proposed line, and that any business going from this territory to other lines will be offset by traffic coming from outside of this territory to its own line. It further assumes that all of the movement of live stock to and from the area in question will take place by rail. To these estimates are added 4,000 carloads of cedar timber per year, and 300 carloads of kaolin after the first year. Shipments of all products other than timber and kaolin are assumed to increase 10 per cent annually.

The estimate of revenues and operating expenses, as stated by the applicant, requires some modification, especially in view of the fact that the operating expenses appear to be taken on a mileage basis, and thus an operating ratio of about 25 per cent is obtained. Some reduction of the estimates of probable tonnage is also advisable. The applicant's estimate of the cost of road and equipment is \$953,324.60. Considering the experience of other lines of the same class, now operating in Texas, and the probable gross income for the line in question, as predicted by the applicant, the following tables present as accurate an estimate of the results of operation during the first five years as it is possible to obtain. The net operating income, as stated below, is taken at 20 per cent of gross operating income.

	Freight carloads.	Revenue per loaded freight- car-mile.	Freight revenue.	Passen- ger-train revenue.	Gross operating income.	Net railway operating income.	Revenue per mile.
		<i>Cents.</i>					
1st year.....	7,215	60	\$151,515	\$9,683	\$161,198	\$32,240	\$4,357
2d year.....	7,803	60	163,863	11,845	175,708	35,142	4,740
3d year.....	8,290	60	174,090	13,998	188,088	37,618	5,063
4th year.....	8,721	60	183,141	15,493	201,634	40,327	5,351
5th year.....	9,079	60	190,669	20,513	211,172	42,234	5,707

	Road invest- ment.	Equip- ment invest- ment.	Total invest- ment.	Net railway operat- ing income.	
				Amount.	Per cent.
1st year.....	\$823,325	\$126,000	\$953,325	\$32,240	3.4
2d year.....	853,325	175,000	1,028,325	35,142	3.4
3d year.....	878,325	175,000	1,053,325	37,618	3.6
4th year.....	878,325	175,000	1,053,325	40,327	3.8
5th year.....	878,325	175,000	1,053,325	42,234	4

A large part of the revenue of the proposed line is expected to accrue from the handling of timber available in the vicinity of Camp Wood. The applicant estimates that the cedar timber available for

transportation will approximate 4,000 carloads per annum but the detailed facts upon which this estimate is based are lacking. The above figures, however, are based on that number of carloads, and on that assumption, and the applicant's estimate of 80,000 carloads, the supply of timber would last not more than 20 years, at the end of which time it is hoped that the business of stock raising, as well as general farming, will have become so well developed as to afford an adequate volume of traffic.

It is stated in the application that 85 per cent of the grading has been completed and 16 miles of rail laid.

Construction of the line would be financed directly or indirectly by persons and corporations interested in marketing the timber in this region, with the exception of about \$71,000 which would be contributed by individuals interested for one reason or another in securing the proposed line. These contributions are in the form of bonus notes, in amounts ranging from \$100 to \$2,500, executed by individuals, and payable to the order of the contractor in charge of the construction work, one-half of the amount to be paid when the line is completed and in operation to Camp Wood, and one-half six months thereafter. The agreement between the contractor and the applicant, with respect to these notes, is not shown, nor does it appear upon what terms the contractor is doing the work, further than the statement that he is to receive \$329,724 for his work and for materials furnished. The remainder of the funds, as stated, is being advanced by lumbering interests which propose to loan \$400,000 to the applicant, taking its promissory notes payable May 16, 1923, with interest at 10 per cent per annum, and secured by mortgage on the railway property. The authorized capital stock of the applicant in the sum of \$50,000 is issued in exchange for 500 carloads of cedar timber, valued at \$46,350, to be delivered on completion of the railroad, and \$3,640 in cash. There have also been donated to the applicant 3,000 carloads of cedar timber, which have been conveyed to a trustee as part of the consideration for the advance of the remainder of the money necessary to complete the line, approximately \$450,000. In addition to the above about 16 miles of the necessary right of way has been donated to the applicant.

It thus appears that the handling of the available supply of timber is the chief motive for building the line, and without the expected tonnage from this timber there is nothing in the record that indicates a reasonable hope of the development of a sufficient volume of traffic in this territory to pay a return on the investment, if indeed there will be enough to pay operating expenses. If it should not do so, the only recourse would be the abandonment of operation, which, of course, would seriously prejudice the interests of com-

munities and individuals that might establish themselves in the region because of the existence of this means of transportation. We can not find in this record that degree of assurance of a reasonably successful enterprise which would warrant the issuance of a certificate of public convenience and necessity. We express no opinion regarding the feasibility of operating the proposed line of railroad as a private plant facility. If the record now before us is not as clear as it can be made and the applicant should desire to supplement the showing made, an early opportunity to do so will be afforded.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application herein be, and it is hereby, denied.

67 I. C. C.

FINANCE DOCUMENT No. 1206.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR AUTHORITY TO ISSUE EQUIPMENT NOTES AND TO PLEDGE A PART THEREOF FOR A LOAN.

Submitted January 20, 1921. Decided March 1, 1921.

Authority granted (1) to issue \$1,500,000 of equipment gold notes, preferred series, and \$1,500,000 of equipment gold notes, junior series; and (2) to pledge the \$1,500,000 of equipment gold notes, junior series, with the Secretary of the Treasury as part security for a loan from the United States, under section 210 of the transportation act, 1920, as amended.

Lawrence Greer for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Maryland Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$3,000,000 of its equipment gold notes, all of like date, which are to represent the deferred payments on the purchase price of 40 freight locomotives now under construction by the Baldwin Locomotive Works.

Of the said notes, \$1,500,000 are to be "preferred series" and are to bear interest at the rate of 7 per cent per annum, payable semiannually. The remaining \$1,500,000 of such notes are to be "junior series" and are to bear interest at the rate of 6 per cent per annum, payable semiannually. The notes of each series are to mature in 15 consecutive annual installments of \$100,000 each, beginning in the year 1922 and ending in the year 1936, each of such annual installments to be evidenced by 100 equipment gold notes of the denomination of \$1,000 each. All of the said notes of both series are to be issued under and subject to an equipment-trust agreement covering the said 40 locomotives. The holders of the notes of the preferred series are to be entitled to preferential rights and interests in and to the said equipment and the payments to be made therefor, and otherwise in the enforcement of the terms and conditions of the equipment-trust agreement as therein provided. Arrangements have been made for the sale of all of the equipment gold notes of the preferred series at their face value and without commissions, broker-

age fees, or other expense to the applicant; and all of the equipment gold notes, junior series, are to be pledged with the Secretary of the Treasury of the United States as part of the collateral security for a loan of \$1,500,000, to be made to the applicant under the provisions of section 210 of the transportation act, 1920, as amended, which loan was approved by our certificate No. 26.

The equipment-trust agreement mentioned, a copy of which is on file in this proceeding, is in the form of a conditional sale of the locomotives. The title to the equipment is to be retained by the trustee under the trust agreement for the benefit of the holders of the two series of notes, in the order of their respective preferences, until the entire purchase price has been paid, but the applicant is to be entitled to the possession of the equipment at all times during the life of the equipment-trust agreement, so long as it observes the conditions and obligations thereof.

The application was made under oath, signed, and filed by an executive officer of the applicant duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been presented by any state authority.

We find that the issue by the applicant of \$3,000,000 of equipment gold notes, as provided in said equipment-trust agreement, for the purchase of 40 freight locomotives, which are now being constructed by the Baldwin Locomotive Works; and the pledge of \$1,500,000 of said notes, junior series, with the Secretary of the Treasury as part of the collateral security for a loan of \$1,500,000, to be made by the United States to the applicant under section 210 of the transportation act, 1920, as amended (*a*) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Western Maryland Railway Company be, and it is hereby, authorized (1) to issue \$3,000,000 of its equipment gold notes to represent the deferred payments on the purchase price of 40 freight locomotives now under construction by the Baldwin Locomotive Works, said notes to be payable to bearer and to be for \$1,000 each; \$1,500,000 thereof to be issued as a preferred series and to bear interest at the rate of 7 per cent per annum, payable semi-annually, the remaining \$1,500,000 to be issued as a junior series and to bear interest at 6 per cent per annum, payable semiannually; said notes to be dated as of the day of issue, and to mature serially in 15 consecutive annual installments of the principal amount of \$100,000 for each series beginning in the year 1922 and ending in the year 1936; said notes to be issued under and in accordance with the provisions of the equipment-trust agreement described in the report in this proceeding; (2) to sell the notes of the preferred series at not less than their face value; and (3) to pledge the notes of the junior series with the Secretary of the Treasury of the United States, as security in part for a loan of \$1,500,000, from the United States to the applicant under section 210 of the transportation act, 1920, as amended, which loan was approved by this Commission's certificate No. 26.

It is further ordered, That the applicant report to this Commission all the pertinent facts relating to the issue, sale, and/or pledge of said notes within 10 days after the same shall have been issued, sold and/or pledged; and shall report within 10 days after any of the said notes so pledged shall have been released all pertinent facts relating to such release, each of said reports to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

It is further ordered, That said notes herein authorized to be issued, sold, and/or pledged, shall not, unless and until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of by the applicant, except as authorized in this order.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1217.

IN THE MATTER OF THE APPLICATION OF THE PENNSYLVANIA RAILROAD COMPANY FOR AUTHORITY TO ISSUE SECURED BONDS AND TO ISSUE AND PLEDGE GENERAL-MORTGAGE BONDS.

Submitted February 11, 1921. Decided March 1, 1921.

Authority granted (1) to issue \$60,000,000 of 15-year 6½ per cent secured gold bonds, maturing February 1, 1936, in accordance with a proposed trust indenture; and (2) to issue \$60,000,000 of general-mortgage bonds, series C, maturing April 1, 1970, and bearing interest at the rate of 6 per cent per annum; and to pledge said bonds as security in part for said 15-year 6½ per cent secured gold bonds.

Terms and conditions prescribed.

Francis I. Gowen for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pennsylvania Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$60,000,000 of its 15-year secured gold bonds, bearing interest at the rate of 6½ per cent per annum, and maturing February 1, 1936; and (2) to issue \$60,000,000 of its general-mortgage bonds, series C, bearing interest at the rate of 6 per cent per annum, and maturing April 1, 1970; and to pledge said bonds as security in part for the aforesaid 15-year secured gold bonds.

The applicant proposes to enter into a trust indenture to be dated February 1, 1921, with the Girard Trust Company, under which the 15-year secured gold bonds will be issued. By the proposed trust indenture the \$60,000,000 of general-mortgage bonds, together with \$6,000,000 of general-mortgage 6 per cent gold bonds, series A, of the Philadelphia, Baltimore & Washington Railroad Company, maturing April 1, 1960, now owned by the applicant and held in its treasury, will be pledged to secure the aforesaid 15-year secured gold bonds.

Arrangements have been made for the sale of the 15-year secured gold bonds to Kuhn, Loeb & Company at 95.4 per cent of par and accrued interest.

The proceeds of such sale, together with such further sum as may be necessary to equal the amount of the general-mortgage gold bonds proposed to be issued, will be deposited with the trustee under the general mortgage and will be used for the following purposes:

(a) Purchase of locomotives, rolling stock, and other equipment from the Pennsylvania Company, covering 90 per cent of the amount agreed to be paid therefor by the applicant.....	\$17,417,685
(b) Purchase of 204,661 shares of the common capital stock of the Pittsburgh, Fort Wayne & Chicago Railway Company at par.....	20,468,100
(c) Purchase of 22,280 shares of the capital stock of the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company at 76.5 per cent.....	1,704,420
(d) Refundment of 90 per cent of the yearly installment, amounting to \$2,670,000, of principal of general freight equipment-trust 4 and 4½ per cent certificates, issues of 1912 and 1913, payable in 1921.....	2,408,000
(e) Reimbursement of applicant's treasury for 90 per cent of yearly installment, amounting to \$3,468,000, of principal of the Pennsylvania Railroad Company equipment trust of 1920, paid in 1921.....	3,121,200
(f) Payment of mortgages maturing in 1921 on real estate belonging to the applicant.....	1,151,000
(g) For additions and betterments proposed to be made during 1921.....	11,506,045
(h) To be expended for capital purposes coming within the terms of the applicant's general mortgage.....	2,230,550
Total.....	60,000,000

All of the capital stock of the Pennsylvania Company is owned by the applicant. Bonds of the Pennsylvania Company, payment of which is guaranteed by the applicant, mature as follows:

Gold loan of 1915 4½ per cent certificates, due June 15, 1921.....	\$37,805,140.07
First-mortgage 4½ per cent bonds, due July 1, 1921.....	17,793,000.00

The applicant represents that the moneys to be paid for the equipment and for the capital stock of the Pittsburgh, Fort Wayne & Chicago and of the Pittsburgh, Cincinnati, Chicago & St. Louis, amounting to \$39,588,205, will enable the Pennsylvania Company to pay the aforesaid certificates and bonds which mature in June and July. The effect of such payment will be to relieve the applicant from the obligation of its guaranty in respect thereto.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of 15-year secured gold bonds and the proposed issue and pledge of general-mortgage bonds, series C, by the applicant (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Pennsylvania Railroad Company be, and it is hereby, authorized to issue \$60,000,000 of its 15-year 6½ per cent secured gold bonds; said bonds to be issued under and pursuant to, and be secured by, a trust indenture to be entered into by the Pennsylvania Railroad Company and the Girard Trust Company, to be dated February 1, 1921, a copy of which is filed with the application; said bonds to be in coupon and/or registered form as provided in said trust indenture, to bear interest at the rate of 6½ per cent per annum, payable semiannually on the 1st days of February and August in each year, and to mature February 1, 1936.

It is further ordered, That the Pennsylvania Railroad Company be, and it is hereby, authorized to sell said 15-year 6½ per cent secured gold bonds at not less than 95.4 per cent of par and accrued interest.

It is further ordered, That the Pennsylvania Railroad Company be, and it is hereby, authorized (1) to issue \$60,000,000 of its general-mortgage bonds, series C; said bonds to be issued under and pursuant to, and to be secured by, the general mortgage dated June 1, 1915, made by the Pennsylvania Railroad Company to the Girard Trust Company and William N. Ely, trustees; said series-C bonds to be in coupon and/or registered form as provided in said general mortgage, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of April and October in each year, and to mature April 1, 1970; and (2) to pledge said bonds with the Girard Trust Company, trustee, under said proposed indenture of February 1, 1921, as security in part for the \$60,000,000 of 15-year 6½ per cent secured bonds, hereinbefore authorized to be issued; said series-C bonds to be used solely as such security until otherwise ordered by this Commission.

It is further ordered, That, except as herein authorized to be sold and pledged, said 15-year 6½ per cent secured gold bonds and said general-mortgage gold bonds, series C, shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until otherwise authorized.

It is further ordered, That the applicant shall within 10 days thereafter report to this Commission all pertinent facts relating to the issue and sale of said 15-year 6½ per cent secured gold bonds and in like manner all pertinent facts relating to the issue and pledge, and release from pledge, of said general-mortgage bonds, series C; and shall for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of each such period, report to this Commission all pertinent facts relating to the use of the proceeds of the sale of said 15-year secured gold bonds, and with reference to that portion of the proceeds to be expended for additions and betterments, shall specify by the projects described in the estimate of expenditures for additions and betterments filed with the application, the uses for which and the amounts in which such proceeds have been applied, until the whole thereof shall have been used and expended as herein authorized.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1222.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR AUTHORITY TO ISSUE FIRST AND CONSOLIDATED MORTGAGE BONDS AND TO PLEDGE BONDS AND STOCK AS SECURITY.

Submitted February 16, 1921. Decided March 1, 1921.

Authority granted (1) to issue \$713,000 of first and consolidated mortgage gold bonds, series A, bearing interest at the rate of 6 per cent per annum, and maturing September 1, 1945, under a certain mortgage; and (2) to pledge with the Secretary of the Treasury, as security for loans aggregating \$2,625,000, from the United States under section 210 of the transportation act, 1920, as amended, the following: (a) \$713,000 of first and consolidated mortgage gold bonds, series A; (b) \$1,077,000 of such bonds now held in applicant's treasury; and (c) \$1,521,600, par value, of common capital stock, and \$1,105,900, par value, of 4-2 per cent preferred capital stock, now held by the applicant in its treasury.

Terms and conditions prescribed.

Forney Johnston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Seaboard Air Line Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$713,000 of its first and consolidated mortgage 6 per cent gold bonds, series A, under and pursuant to the first and consolidated mortgage, dated September 1, 1915, made by the applicant to the Guaranty Trust Company of New York and William C. Cox, as trustees; and (2) to pledge such bonds, together with \$1,077,000 of first and consolidated mortgage 6 per cent gold bonds, series A, heretofore issued under said mortgage and now held by the applicant in its treasury; common capital stock of the par value of \$1,521,600, now in the treasury of the applicant; and 4-2 per cent preferred capital stock of the par value of \$1,105,900, also in the applicant's treasury, as security for loans from the United States under the provisions of section 210 of the transportation act, 1920, as amended.

The applicant also requests authority to issue and pledge with the Secretary of the Treasury such additional amounts of first and con-

solidated mortgage gold bonds as it may from time to time become entitled to issue under the provisions of its mortgage and as may be required by us as collateral security for said loans. Such authority will not be granted at this time, but the applicant may file supplemental application asking for authority to issue and pledge such securities as may be required.

The first and consolidated mortgage authorizes a total issue of \$300,000,000 of bonds, of which \$198,903,000 are reserved by section 3, article 2, for certain purposes, including acquisitions, improvements, additions, betterments, retirement or payment of equipment obligations, and for reimbursing the applicant's treasury for money spent for any such purposes. Of bonds so reserved, \$44,008,000 are now outstanding. The \$713,000 of bonds will be issued in reimbursement for capital expenditures made by the applicant from income for certain of the purposes mentioned, a detailed statement of which is given in exhibit 9, filed with the application. Copies of the mortgage and specimen copies of bonds were filed with a prior application, *Bonds of Seaboard Air Line Ry.*, 65 I. C. C., 182.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue and pledge of securities by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Seaboard Air Line Railway Company be, and it is hereby, authorized (1) to issue in reimbursement for capital expenditures made from income \$713,000 of its first and consolidated

mortgage gold bonds, series A, under and pursuant to, and to be secured by, the first and consolidated mortgage dated September 1, 1915, made by the applicant to the Guaranty Trust Company of New York and William C. Cox, as trustees; said bonds to mature September 1, 1945, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of September and March in each year, and to be substantially in the form, coupon and/or registered, as set forth in said mortgage; and (2) to pledge with the Secretary of the Treasury as security for loans from the United States, aggregating \$2,625,000, under section 210 of the transportation act, 1920, as amended, the following:

(a) \$713,000 of first and consolidated mortgage gold bonds, series A, the issuance of which is herein authorized.

(b) \$1,077,000 of first and consolidated mortgage gold bonds, series A, now held by the applicant in its treasury.

(c) \$1,521,600, par value, of common capital stock and \$1,105,900, par value, of 4-2 per cent preferred capital stock now held by the applicant in its treasury.

It is further ordered, That, except as herein authorized to be pledged, said securities shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until otherwise ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission within 10 days thereafter all pertinent facts relating to the issue, pledge, and release from pledge of said securities, such reports to be in writing and signed by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said securities, or interest on said bonds, on the part of the United States.

FINANCE DOCKET No. 998.

IN THE MATTER OF THE APPLICATION OF THE NEW
ORLEANS, TEXAS & MEXICO RAILWAY COMPANY FOR
A LOAN FROM THE UNITED STATES TO AID IN PRO-
VIDING ADDITIONS AND BETTERMENTS.

Submitted February 24, 1921. Decided March 2, 1921.

Applications granted in part and loan of \$926,000 for procuring equipment through the National Railway Service Corporation approved.

J. S. Pyeatt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New Orleans, Texas & Mexico Railway Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on May 21 and June 7, 1920, made applications to us for loans from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with equipment and other additions and betterments. On June 18, 1920, and January 29, 1921, the applicant amended and supplemented the applications.

The National Railway Service Corporation, a corporation of the state of Maryland, hereinafter referred to as the corporation, on September 23, 1920, made application to us for a loan for the purpose of aiding the applicant in providing itself with certain equipment. On February 19, 1921, the corporation amended its application to conform to the aforesaid amendments to the applications of the applicant.

The applicant, by resolution of its board of directors, approved the making of the loan in respect of equipment to or through the corporation.

In the applications, as amended and supplemented, the applicant sets forth:

1. That the amount of the loans desired is \$1,160,000.
2. That the term for which the loans are desired is 15 years.

3. That the purposes of the loans and the uses to which they will be applied are to aid the applicant in providing itself with equipment and other additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment:			
500 40-ton steel box cars, at \$2,477.02 each	\$1,238,510	.....	.....
50 40-ton steel automobile cars, at \$2,586.58 each	129,329	.....	.....
250 40-ton steel gondola cars, at \$2,243.70 each	560,925	.....	.....
50 60-ton 10,000-gallon steel tank cars, at \$2,555.15 each	127,787	.....	.....
5 10-wheel locomotives, weight 340,000 pounds, at \$51,695.75 each	258,479	.....	.....
Total equipment	2,315,000	\$1,890,000	\$926,000
Additions and betterments:			
To existing equipment	61,000	.....	.....
To way and structures, consisting of—			
New 85-pound rail	52,912	.....	.....
Yard and sidings	248,589	.....	.....
Fuel-oil stations	15,195	.....	.....
Shop buildings	15,560	.....	.....
Shop machinery	75,000	.....	.....
Total additions and betterments	468,246	234,246	234,000
Grand total	2,783,246	1,623,246	1,160,000

4. Its present and prospective ability to repay the loans and to meet its obligations in regard thereto.

5. That the security offered is:

\$700,000, principal amount, of applicant's first-mortgage 6 per cent gold bonds.

\$500,000, principal amount, of applicant's series-A 5 per cent noncumulative income bonds.

\$486,000, principal amount, St. Louis-San Francisco Railway Company income-mortgage series-A 6 per cent gold bonds.

\$620,000, par value, St. Louis-San Francisco Railway Company series-A preferred capital stock.

6. That the extent to which the public convenience and necessity will be served by the loan is that the movement of traffic will be expedited and congestions and delays prevented.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$1,047,563, apportioned \$817,063 for equipment and \$230,500 for additions and betterments.

That part of the applications in respect of additions and betterments was disposed of by our certificate No. 70 of February 5, 1921, approving a loan to the applicant of \$234,000.

After investigation and informal hearings, we find that the making of the proposed loan for equipment, in the amount of \$926,000, as hereinabove set forth, by the United States to the corporation which is hereby approved as an organization for the purpose as most appropriate in the public interest, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

One of the conditions of the loan will be that we may at any time examine the accounts and records of the corporation and may require the corporation to furnish us with annual or special reports.

The loan shall be secured by (a) an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, issued in respect of contract No. 2, entered into by the applicant under the corporation's equipment-trust agreement, first series, conditional-sale basis; (b) \$233,000, principal amount of applicant's first-mortgage series-A 6 per cent gold bonds, due 1925; \$162,000, principal amount, St. Louis-San Francisco Railway Company series-A noncumulative 6 per cent income bonds, due 1960; \$207,000, par value, St. Louis-San Francisco Railway Company series-A noncumulative 6 per cent preferred capital stock; and (c) the unrestricted indorsement and guaranty of the applicant upon the obligation evidencing the loan.

An appropriate certificate will be issued.

Certificate No. 76 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$926,000 by the United States to the National Railway Service Corporation, hereinafter referred to as the corporation, an organization approved for the purpose as most appropriate in the public interest, to aid the New Orleans, Texas & Mexico Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, in providing itself with equipment is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the corporation and the character and value of the security offered are

such as to furnish reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$926,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years from November 1, 1920.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge with the Secretary of the Treasury, to be registered in his name, of an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, hereinafter referred to as deferred-lien certificates, issued in respect of contract No. 2 entered into by the applicant under an equipment-trust agreement, first series, condition-sale basis, dated November 1, 1920, executed by the corporation to the Guaranty Trust Company of New York, as trustee, hereinafter referred to as the trust agreement. The deferred-lien certificates shall be substantially in the form as shown by exhibit A hereto attached¹ and shall be held subject to the provisions of subparagraph (d) of paragraph 5 hereof. Said trust agreement and said contract are in substantially the form as shown by exhibit B hereto attached.¹ Said deferred-lien certificates, which may be in temporary form exchangeable for definitive certificates when prepared, shall be sufficiently identified and authenticated to the Secretary of the Treasury by certification thereon by the Guaranty Trust Company of New York, as trustee, that said deferred-lien certificates are of the series described in said trust agreement and are issued in respect of said contract No. 2 entered into by the applicant under said trust agreement, and said certification shall be substantially in the form shown in exhibit A hereto attached.¹

(b) The loan shall be further secured by the pledge with the Secretary of the Treasury by the applicant of the following described securities:

1. Applicant's first-mortgage series-A 6 per cent gold bonds, \$233,000, principal amount, due 1925, issued under an indenture of mortgage and deed of trust, dated March 1, 1916, and executed by the applicant to the Columbia Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due June 1, 1921, and subsequent coupons attached, are in the denomination of \$1,000 and are numbered 5675 to 5907, inclusive; subject to the provisions of subparagraph (d) of paragraph 5 hereof, any of the bonds, hereinabove described, remaining in pledge at their maturity shall be subject to substitution for such other securities as the Commission may hereafter certify to the Secretary of the Treasury;

2. St. Louis-San Francisco Railway Company series-A noncumulative 6 per cent income bonds, \$162,000, principal amount, due 1960, issued under an indenture, dated July 1, 1916, executed by the St. Louis-San Francisco Railway

¹ On file with the Commission but omitted from printed report.

Company to the Central Union Trust Company of New York, and Jay Herndon Smith, of St. Louis, Mo., as trustees; said bonds are in definitive coupon form, having coupon due October 1, 1921, and subsequent coupons attached, are in the denomination of \$1,000 and are numbered 26626 to 26787, inclusive; and

3. St. Louis-San Francisco Railway Company series-A noncumulative 6 per cent preferred capital stock, \$207,000, par value, evidenced by stock certificate No. A04757, for 2,070 shares of a par value of \$100 each.

(c) The loan shall be further secured by the unrestricted indorsement and guaranty of the applicant upon the obligation evidencing the loan. Said indorsement and guaranty may be substantially in the form shown by exhibit C hereto annexed and made a part hereof.¹

(d) The corporation may repay all or any part of the loan before maturity. When and as any part of the loan shall be repaid, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the part of the loan repaid, and to the applicant a proportionate principal amount, as nearly as may be, of the securities described and identified in subparagraph (b) of paragraph 5 hereof; provided, that the bonds identified and described in subdivision 1 of subparagraph (b) of paragraph 5 hereof shall be first subject to such release at the ratio of \$420, principal amount, of bonds for each \$1,000 of loan repaid. All payments of principal and interest upon said deferred-lien certificates shall be credited and applied, first, upon any interest due upon said loan and thereafter upon the principal thereof.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged together with any that may be hereafter pledged, or may have been heretofore pledged by the applicant as security for this loan or any other obligation of said applicant to the United States under section 210 of the transportation act, 1920, as amended, whether as principal, surety, guarantor, indorser, or otherwise, shall be applicable in like manner to secure the repayment of any and all of said loans and obligations, and to secure the performance of any obligations of guaranty or other contingent or conditional liability to the United States now or hereafter incurred with respect to any obligation under said section 210, and such securities shall be held by the Secretary of the Treasury for said purposes, until all of said loans, obligations, and liabilities of whatever sort are finally and completely released, paid, satisfied, and discharged. Provided, however, that so long as the applicant shall not be in default in the payment or performance of any of said obligations, said securities may

¹ On file with the Commission but omitted from printed report.

be withdrawn or released as provided in subparagraphs (d) and (h) of paragraph 5 hereof.

(f) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any of the collateral described and identified in subparagraph (b) of paragraph 5 hereof, or upon any collateral pledged as additional security for the loan pursuant to subparagraph (e) of paragraph 5 hereof, and the holder of the obligation or obligations evidencing the loan shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(g) While and to the extent that deferred-lien certificates are held in pledge hereunder, the right reserved to the holders of said deferred-lien certificates under the trust agreement to authorize the investment or diversion of funds against which certain certificates of reimbursement are issued, and the right to authorize the release or substitution of collateral pledged with the trustee under said trust agreement, shall be exercised by the holder of such deferred-lien certificates pledged hereunder in accordance with the direction of the Interstate Commerce Commission.

(h) The corporation has agreed in an instrument in writing, dated the 24th day of February, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The Interstate Commerce Commission may, at any time, examine the accounts and records of the corporation and may require the corporation to file with the Commission annual or special reports; (2) upon certification by the Commission to the Secretary of the Treasury there may be released from time to time to the applicant a principal amount of any or all of the securities identified and described in subparagraph (b) of paragraph 5 hereof, as the Commission may determine, provided, however, that the market value of such securities at any time pledged shall not be less than 40 per cent of the amount of the loan, the determination of the Commission as to market value to be conclusive. In event the Commission shall certify to the Secretary of the Treasury that the corporation has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable; and the Secretary of the Treasury shall release to the applicant any securities which may be certified by the Commission for release pursuant to paragraph 2 of said instrument.

6. That the prospective earning power of the applicant and the corporation, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of repayment of the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant and the corporation, in the opinion of the Commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 2d day of March, 1921.

FINANCE DOCKET No. 1053.

IN THE MATTER OF THE APPLICATION OF THE GREENE COUNTY RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted February 24, 1921. Decided March 2, 1921.

Application granted and loan of \$60,000 approved.

Forest Greene for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Greene County Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 20, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid applicant in meeting its maturing indebtedness. On January 27 and February 18, 1921, the applicant amended its application.

In the application as amended the applicant sets forth:

1. That the amount of the loan desired is \$60,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid applicant in meeting its maturing indebtedness, as follows:

Purposes.	Principal amount.	Financed by applicant.	Loan from United States.
To meet maturing notes in favor of following:			
Georgia Car & Locomotive Company:			
Note due May 15, 1920.....	\$1,000.00	.....	\$1,000.00
Note due June 15, 1920.....	1,000.00	.....	1,000.00
Note due July 15, 1920.....	1,000.00	.....	1,000.00
Note due Aug. 15, 1920.....	1,000.00	.....	1,000.00
Note due Sept. 15, 1920.....	1,000.00	.....	1,000.00
Note due Oct. 15, 1920.....	1,000.00	.....	1,000.00
Note due Nov. 15, 1920.....	1,000.00	.....	1,000.00
Note due Dec. 15, 1920.....	1,000.00	.....	1,000.00
Note due Jan. 15, 1921.....	1,000.00	.....	1,000.00
Note due Feb. 15, 1921.....	1,000.00	.....	1,000.00
Note due Feb. 15, 1921.....	2,500.00	.....	2,500.00
Sessions Land & Securities Company:			
Note due Feb. 1, 1921.....	508.95	.....	508.95
Bank of Monroe:			
Note due Feb. 5, 1920.....	1,250.00	.....	1,250.00
Note due Feb. 6, 1920.....	750.00	.....	750.00
Forest Greene:			
Note due Dec. 31, 1920.....	60,000.00	\$15,000.05	44,991.05
Note due Feb. 15, 1921.....	3,881.12	3,881.12	.....
Total.....	78,880.07	18,880.07	60,000.00

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is (a) applicant's first-mortgage 6 per cent gold bonds, due in 1950; (b) 300 shares of the capital stock of the Georgia Car & Locomotive Company in par value of \$30,000; and (c) the unrestricted indorsement and guaranty of Forest Greene, who is now the applicant's president.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to continue operations and meet the transportation needs of the public. The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The American Short Line Railroad Association recommended a loan to the applicant of \$60,000.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 99 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$60,000 by the United States to the Greene County Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$60,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repaid in equal annual installments of \$6,000, consecutively, in 1 to 10 years from the making thereof.

(b) The loan shall be secured by (1) the pledge of \$75,000, principal amount, of applicant's first-mortgage 6 per cent gold bonds, due March 1, 1950, issued under an indenture of mortgage, dated June 1, 1920, executed by applicant to the Trust Company of Georgia, Atlanta, Ga., as trustee. Said bonds are in definitive coupon form, having coupon due September 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1 to 75, inclusive; (2) the pledge of 300 shares of capital stock of the Georgia Car & Locomotive Company, having a par value of \$30,000, evidenced by certificates Nos. 115 to 124, inclusive, issued in the name of Forest Greene, and indorsed in blank; and (3) the unrestricted indorsement and guaranty, as to both principal and interest, of Forest Greene, of Atlanta, Ga., now the applicant's president. The said indorsement and guaranty may be substantially in the form herein below set forth:

For value received, I, Forest Greene, hereby indorse and unconditionally guarantee to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$-----, with interest, when and as the same shall become due and payable, whether at maturity, or by declaration, or otherwise, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of said obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said note and/or interest thereon, unless and until said note and all interest thereon, and expenses thereof are paid in full.

In Witness Whereof, I, Forest Greene, have hereunto subscribed my name and affixed my seal this ----- day of -----, 1921.

[L. S.]

Witness:

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the appli-

cant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 21st day of March, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loans. In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 25th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 1188.

IN THE MATTER OF THE APPLICATION OF THE WILMINGTON, BRUNSWICK & SOUTHERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES.

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Submitted January 25, 1921. Decided March 3, 1921.

Authority granted to issue promissory notes in the aggregate amount of \$81,000.

Robert W. Davis for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wilmington, Brunswick & Southern Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its promissory notes in the aggregate amount of \$81,000 in renewal of its promissory notes of like amount now due or soon to become due.

The applicant has eight notes outstanding in the aggregate amount of \$81,000, maturing on various dates from September 26, 1920, to March 6, 1921, inclusive, as stated in the annexed order. These notes were given in renewal of other notes of the applicant and represent cash loans obtained several years ago, the proceeds of which were used in the purchase of material, equipment, and land, and in the construction of station buildings and docks.

By our certificate No. 56, dated December 28, 1920, we approved a loan of \$90,000 from the United States to the applicant, under section 210 of the transportation act, 1920, as amended, for the purpose of aiding applicant in providing additions and betterments and in meeting certain of its maturing obligations. These obligations did not include the above notes, as applicant had made arrangements for their renewal. It now seeks authority to issue, in accordance with those arrangements, as of the respective dates of maturity of the notes and in renewal thereof, notes in like amounts, to mature one year from their respective dates, with interest at the rate of 6 per cent per annum.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the

governor of the state of North Carolina, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Corporation Commission of North Carolina, or other authorities of that state.

We find that the proposed issue by the applicant of its promissory notes, in the aggregate amount of \$81,000, in renewal of its promissory notes of like aggregate amount, now due or soon to become due, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Wilmington, Brunswick & Southern Railroad Company be, and it is hereby, authorized to issue its eight promissory notes in the aggregate amount of \$81,000; the said notes to be issued to the following payees, as of the respective dates, and in the respective amounts shown:

Peoples Savings Bank, Wilmington, N. C., Sept. 26, 1920.....	\$6,000
Murchison National Bank, Wilmington, N. C., three notes for \$5,000 each, Oct. 1, 1920.....	15,000
Home Savings Bank, Wilmington, N. C., Oct. 27, 1920.....	5,000
State Bank, Laurinburg, N. C., Nov. 16, 1920.....	35,000
Peoples Bank & Trust Company, Goldsboro, N. C., Mar. 3, 1921.....	10,000
Bank of Duplin, Wallace, N. C., Mar. 6, 1921.....	10,000

The said notes are to mature one year from their respective dates, are to bear interest at the rate of 6 per cent per annum, and are to be issued solely for the purpose of renewing eight promissory notes of the applicant of like principal amounts maturing on the respective dates set forth above, and payable to the payees mentioned;

It is further ordered, That except as herein authorized, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until authorized by a further order of this Commission.

It is further ordered, That the applicant shall, within 10 days after (1) the issue of said notes, and (2) their payment or satisfaction,

report to this Commission all pertinent facts relating thereto; each of said reports to be in writing, signed by an executive officer of the applicant, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1209.

IN THE MATTER OF THE APPLICATION OF THE ALABAMA & VICKSBURG RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES AND TO ISSUE AND PLEDGE FIRST-MORTGAGE BONDS.

Submitted February 4, 1921. Decided March 3, 1921.

Authority granted (1) to issue at par, under date of April 1, 1921, 6 per cent promissory notes aggregating \$542,900, payable five years after date to the order of G. T. Bonner, trustee, in payment of a like amount of first-mortgage bonds maturing April 1, 1921; (2) to issue 6 per cent first-mortgage bonds, maturing April 1, 1951, for an aggregate amount of \$2,423,000, under a proposed mortgage; (3) to pledge \$543,000 of said bonds as collateral security for the aforesaid 6 per cent promissory notes; and (4) to pledge \$1,880,000 of said bonds with the Secretary of the Treasury as security for two loans aggregating \$1,564,000 from the United States under section 210 of the transportation act, 1920, as amended.

J. Blanc Monroe for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Alabama & Vicksburg Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue 6 per cent promissory notes in the aggregate amount of \$542,900, under date of April 1, 1921, and maturing five years from date; to issue \$2,423,000 of its first-mortgage gold bonds under a proposed mortgage to be made by the applicant to the Canal-Commercial Trust & Savings Bank and Felix Gunter, a copy of which is on file in this proceeding; and to pledge the bonds as security for the aforesaid promissory notes and for loans from the United States under section 210 of the transportation act, 1920, as amended.

The secured debt of the applicant, amounting to \$1,936,000, consists of \$940,000 of its Vicksburg & Meridian first-mortgage 6 per cent bonds, \$580,800 of its consolidated first-mortgage 5 per cent bonds, and \$416,100 of its second-mortgage 5 per cent bonds. These bonds mature April 1, 1921. To assist the applicant in meeting these obligations we have approved the making of a loan to the applicant by the United States in the sum of \$1,394,000. Holders of bonds

to the amount of the balance, that is, \$542,900, have agreed to surrender their bonds in exchange, on the basis of dollar for dollar of face value, for promissory notes to be made payable to the order of G. T. Bonner, trustee, for their benefit.

We have also approved the making of a loan in the sum of \$170,000 to assist the applicant in procuring certain additional locomotives.

The bonds proposed to be issued will be dated April 1, 1921, will bear interest at the rate of 6 per cent per annum, and will mature on April 1, 1951. They will be subject to redemption as an entirety at the option of the applicant on any interest-payment date prior to maturity at 105 per cent and accrued interest. Of the proposed issue of \$2,423,000 of first-mortgage gold bonds, \$1,880,000 will be pledged with the Secretary of the Treasury as security for the loans from the United States, and \$543,000 will be pledged as collateral security for the promissory notes proposed to be issued.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed, with the governor of the state of Mississippi, the only state in which the applicant operates. No objection to the granting of the application has been offered by the railroad commission or other authority of that state.

We find that the proposed issue of promissory notes and the proposed issue and pledge of bonds by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Alabama & Vicksburg Railway Company be, and it is hereby, authorized to issue at par its promissory notes in the aggregate amount of \$542,900, said notes to be dated April 1, 1921, to bear interest payable semiannually at the rate of 6 per cent

per annum, to be payable five years after date to the order of G. T. Bonner, trustee for certain bondholders, in the following amounts:

The Sterling Trust, Limited.....	\$468,900
Mrs. Maud Cabot.....	24,000
Mrs. Mary Isabel Lockwood.....	25,000
Mrs. Mabel Stern.....	25,000

and to be secured by the pledge of \$543,000 of first-mortgage gold bonds, the issue of which is hereinafter authorized, said notes to be in the form submitted with the application, and such notes or the proceeds thereof to be used solely for the purpose of retiring \$542,900 of applicant's mortgage bonds which mature April 1, 1921.

It is further ordered, That the Alabama & Vicksburg Railway Company be, and it is hereby, authorized to issue \$2,423,000 of its first-mortgage gold bonds under and pursuant to, and to be secured by, a proposed mortgage to be made by applicant to the Canal-Commercial Trust & Savings Bank and Felix Gunter, said bonds to be dated April 1, 1921, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of April and October in each year, to mature April 1, 1951, and to be in the form set forth in said proposed mortgage.

It is further ordered, That the applicant be, and it is hereby, authorized to pledge \$543,000 of said bonds with G. T. Bonner, trustee, as security for the promissory notes hereinbefore authorized to be issued.

It is further ordered, That the applicant be, and it is hereby, authorized to pledge \$1,880,000 of said bonds with the Secretary of the Treasury as security for loans in the aggregate amount of \$1,564,000, from the United States to the applicant under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the bonds herein authorized to be issued and pledged shall not be sold, pledged, replighted, or otherwise disposed of by the applicant except as authorized in this order.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this Commission all pertinent facts relating to (1) the issue of said notes; (2) the payment or satisfaction thereof; (3) the issue and pledge of said bonds; and (4) the release of said bonds from pledge; each of said reports to be in writing, signed, and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes and bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 924.

IN THE MATTER OF THE APPLICATION OF THE ATLANTA, BIRMINGHAM & ATLANTIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND PROVIDING EQUIPMENT.

Approved March 3, 1921.

W. G. Brantley for applicant.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amendment to Certificate No. 11.

The Interstate Commerce Commission hereby amends its certificate No. 11 by substituting the following language for subparagraph (e) of paragraph 6 of said certificate No. 11:

The applicant hereby agrees, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, to deposit with him such additional security as he may from time to time require, and further agrees that the securities hereby pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this or any other obligation of said applicant to the United States for loans made under section 210 of the act aforesaid, shall be applicable in like manner to secure the payment of any and all such loans.

Done at Washington, D. C., this 7th day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1208.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted February 7, 1921. Decided March 8, 1921.

Authority granted to assume obligation or liability in respect of \$3,564,000 of equipment-trust certificates (1) by entering into an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Company, trustee, and thereby guaranteeing payment of the principal of the certificates and of dividends thereon at the rate of 6½ per cent per annum; (2) by indorsing upon each certificate its guaranty of such payment; and (3) by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends.

Terms and conditions prescribed.

Walter S. Horton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to assume obligation or liability in respect of \$3,564,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into said agreement and into a lease with the trustee thereunder covering the trust equipment, and by indorsing upon each certificate its guaranty of the punctual payment of the principal thereof and dividends thereon. Unexecuted copies of the proposed agreement and lease were submitted with the application.

In order that it may properly and adequately serve the shipping public, the applicant desires to procure 50 two-ten-two type freight locomotives and 25 eight-wheel switching locomotives of the total estimated cost of \$5,941,250.

It is proposed that Harry E. Righter and Andrew S. Hannum, termed the vendors, the Commercial Trust Company, termed the trustee, and the applicant shall enter into an agreement under date of February 1, 1921, creating the Illinois Central equipment trust, series G, under which the vendors, upon acquiring title to and pos-

session of the equipment from the manufacturers, will convey and deliver the same to the trustee in trust for the equal benefit of the holders of \$3,564,000 of certificates to be issued in accordance with the terms of the agreement.

Simultaneously with the execution of said agreement, the trustee and the applicant will enter into an agreement of lease, also to be dated February 1, 1921, under which the applicant will have the use and possession of the equipment, and will agree, among other things, to pay to the trustee (or, in the case of taxes, to the proper taxing authority) rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 60 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes initial payments in cash, as equipment is delivered to the applicant, equal to the difference between the cost to the vendors of such equipment and the principal amount of certificates issuable in respect thereof. Title to the equipment will remain in the trustee until all rent has been paid in conformity with the terms of the lease, whereupon such title will be conveyed to the applicant.

The proposed agreement provides that the trustee may issue the certificates upon deposit with it, or to its credit, of cash equal to the principal amount thereof.

It appears that Kuhn, Loeb & Company have subscribed for the entire issue of certificates at 96.54 per cent of par, and that the applicant will pay a sum equal to the discount on the certificates to the vendors, who will deposit the same and the proceeds of the certificates with the trustee.

The trustee will pay to the vendors on delivery of equipment 60 per cent of the cost thereof out of money so deposited, and the remaining 40 per cent of such cost out of the initial payment by the applicant.

Each certificate will entitle the bearer, or registered owner thereof, to an interest in the trust to the amount of \$1,000, and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of 6½ per cent per annum from February 1, 1921, payable semiannually to and including the designated date of maturity. Certificates aggregating \$324,000 will mature on the 1st day of February of each year from 1926 to 1936, inclusive. By the agreement applicant will guarantee prompt payment of the principal of the certificates and of the dividends thereon, and it will indorse its guaranty to that effect upon each certificate.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed assumption by the applicant of obligation or liability, as guarantor and otherwise, in respect of the aforesaid equipment-trust certificates (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Illinois Central Railroad Company be, and it is hereby, authorized to assume obligation or liability in respect of \$3,564,000 of certificates of the Illinois Central equipment trust, series G, for the purpose of acquiring possession and use of and, ultimately, title to certain equipment described in the application, each certificate entitling the bearer or registered owner thereof to an interest in said trust and to semiannual dividends thereon at the rate of 6½ per cent per annum, (1) by entering into an agreement with Harry E. Righter and Andrew S. Hannum, as vendors, and the Commercial Trust Company, as trustee, which will create said trust and provide for the issue of said certificates with attached dividend warrants, by the trustee; and thereby guaranteeing payment of the principal of the certificates and of the dividends thereon, when and as the same shall become due and payable; (2) by indorsing upon each of said certificates its guaranty of such payment of the principal thereof and of the dividends thereon; and (3) by entering into a lease of said equipment with the trustee, and thereby agreeing to pay rent sufficient to pay the principal of the certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms sub-

mitted with the application, and such certificates, warrants, and indorsements of guaranty to be substantially in the respective forms set forth in said agreement; said certificates, agreement, and lease to be dated February 1, 1921; and said certificates to be in denominations and to mature, and the dividends thereon to become due and payable, as specified in the agreement and outlined in the report aforesaid; *provided, however, (a)* that said certificates be sold or otherwise disposed of at such price that the total cost to the applicant of the sale or disposition thereof shall not exceed 7 per cent per annum on the principal amount thereof, including in such cost the dividends and discounts, attorneys' fees, and all other expenses of sale in connection therewith; and *(b)* that none of said certificates shall be sold, pledged, repledged, or otherwise disposed of, nor shall any of their proceeds or any cash deposited with said trustee be used, except as herein authorized.

It is further ordered, That within 10 days after the execution and delivery of said agreement and said lease, there shall be filed with this Commission verified copies of the same in the form in which they were executed.

It is further ordered, That within 30 days after June 30, 1921, and after the close of each period of six months thereafter, the applicant shall report to the Commission in writing all pertinent facts concerning the making of said deposits, the delivery of said equipment, the issue of said certificates, the sale thereof (showing certificates sold, date of sale, to whom sold, terms of sale, proceeds realized therefrom, and disposition made of such proceeds), the payment of the rentals prescribed by the lease and of the amount of the discount on the certificates, the account or accounts charged therewith, the amounts expended from rentals and deposits, and the purpose of each such expenditure; these reports to be made periodically, as herein required, until all of the certificates shall have been retired, each report to be signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States, either as to said certificates, or dividends thereon, or as to any assumption of obligation or liability in respect thereof by the applicant.

FINANCE DOCKET No. 1180.

IN THE MATTER OF THE APPLICATION OF THE INDIANA HARBOR BELT RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted January 10, 1921. Decided March 10, 1921.

Authority granted to assume obligation or liability in respect of not exceeding \$354,000 of equipment-trust certificates (1) by entering into an equipment-trust agreement, under which the certificates will be issued by the Guaranty Trust Company of New York, trustee; and (2) by entering into a lease or leases of the trust equipment, and thereby agreeing to pay rent sufficient to pay the principal of the certificates and dividends thereon at the rate of 7 per cent per annum.

Terms and conditions prescribed.

Robert J. Cary for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Indiana Harbor Belt Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to assume obligation or liability in respect of not exceeding \$354,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into said agreement and into a lease or leases with the trustee thereunder covering the trust equipment. Unexecuted copies of the proposed agreement and lease or leases were submitted with the application.

In order that it may properly care for the traffic moving over its lines, the applicant desires to procure 10 class-U3 government-standard 8-wheel switching locomotives, with tenders, equipped with New York Central specialties. The manufacturers have agreed to furnish this equipment at an approximate total cost of \$479,000, and to accept the equipment-trust certificates at their face value in payment of not exceeding 75 per cent of such cost, the balance to be paid by the applicant in cash.

It is proposed that John Carstensen and others, termed the vendors, the Guaranty Trust Company of New York, termed the trustee, and the applicant shall enter into an agreement under date of February 1, 1921, creating the Indiana Harbor Belt Railroad equipment trust of 1921, under which the vendors, upon acquiring title to and

possession of the equipment from the manufacturers, will convey and deliver the same to the trustee in trust for the proportionate benefit of the holders of the certificates to be issued in accordance with the terms of the agreement.

Simultaneously with the execution of said agreement the trustee and the applicant will enter into an agreement or agreements of lease, also to be dated February 1, 1921, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. Title to the equipment will remain in the trustee until all rent has been paid in conformity with the terms of the lease or leases, whereupon such title will be conveyed to the applicant.

Each certificate will entitle the bearer, or registered owner thereof, to an interest in the trust to the amount of \$100, \$500, or \$1,000, according to its denomination, and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of 7 per cent per annum from February 1, 1921, payable semiannually, to and including the designated date of maturity. Certificates aggregating one-tenth (not exceeding \$35,400) of the total issue will mature on the 1st day of August, 1921, and thereafter on the 1st day of February and August of each succeeding year to and including February 1, 1926.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to and a copy thereof filed with the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed assumption by the applicant of obligation or liability in respect of the aforesaid equipment-trust certificates (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Indiana Harbor Belt Railroad Company be, and it is hereby, authorized to assume obligation or liability in respect of not exceeding \$354,000 of certificates of the Indiana Harbor Belt Railroad equipment trust of 1921 for the purpose of acquiring possession and use of and, ultimately, title to certain equipment described in the application, each certificate entitling the bearer or registered owner thereof to an interest in said trust and to semi-annual dividends thereon at the rate of 7 per cent per annum; (1) by entering into an agreement with John Carstensen and others, as vendors, and the Guaranty Trust Company of New York, as trustee, which will create said trust and provide for the issue of the certificates with attached dividend warrants, by the trustee; and (2) by entering into a lease or leases of such equipment with the trustee, and thereby agreeing to pay rent sufficient to pay the principal of the certificates, the dividends thereon, and certain other charges; said agreement and lease or leases to be substantially in the respective forms submitted with the application, and said certificates and warrants to be substantially in the respective forms set forth in the agreement; said certificates, agreement, and lease or leases to be dated February 1, 1921; and such certificates to be in denominations and to mature, and the dividends thereon to become due and payable, as specified in the agreement and outlined in the report aforesaid; *provided, however*, (a) that these certificates be used at their face value by or on behalf of the applicant solely in making payment to the manufacturers of said equipment of not exceeding 75 per cent of the cost thereof; and (b) that none of such certificates shall be sold, pledged, repledged, or otherwise disposed of, except as herein authorized.

It is further ordered, That within 10 days after the execution and delivery of said agreement and said lease or leases, there shall be filed with this Commission verified copies of the same in the form in which they were executed.

It is further ordered, That within 30 days after June 30, 1921, and after the close of each period of six months thereafter, the applicant shall report to this Commission in writing all pertinent facts concerning the delivery of said equipment, the issue and use of said

certificates, the payment of the rentals prescribed by said lease or leases, and the account or accounts charged therewith, the amounts expended from said rentals, and the purpose of each such expenditure; such reports to be made periodically, as herein required, until all of the certificates shall have been retired, each report to be signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States, either as to said certificates, or dividends thereon, or as to any assumption of obligation or liability in respect thereof by the applicant.

67 I. C. C.

FINANCE DOCKET No. 1239.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & NORTH WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE SECURED BONDS AND TO ISSUE AND PLEDGE GENERAL-MORTGAGE BONDS.

Submitted February 14, 1921. Decided March 10, 1921.

Authority granted (1) to issue and sell, in accordance with a proposed trust indenture, \$15,000,000 of 15-year 6½ per cent secured gold bonds maturing March 1, 1936; (2) to issue \$15,000,000 of general-mortgage gold bonds of 1987, bearing interest at the rate of 5 per cent per annum, and maturing November 1, 1987, in accordance with a certain mortgage; and (3) to pledge said \$15,000,000 of general-mortgage gold bonds of 1987, together with \$3,000,000 of such bonds heretofore issued and now held in the applicant's treasury as security for said 15-year 6½ per cent secured gold bonds. Terms and conditions prescribed.

J. B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Chicago & North Western Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$15,000,000 of 15-year secured gold bonds bearing interest at the rate of 6½ per cent per annum and maturing March 1, 1936; (2) to issue \$15,000,000 of its general-mortgage gold bonds of 1987 bearing interest at the rate of 5 per cent per annum and maturing November 1, 1987; and (3) to pledge said \$15,000,000 of general-mortgage gold bonds of 1987, together with \$3,000,000 of such bonds heretofore issued and now held in its treasury, as security for the aforesaid 15-year secured gold bonds.

The applicant proposes to enter into a trust indenture with the United States Trust Company of New York, to be dated March 1, 1921, under which the \$15,000,000 of 15-year secured golds bonds will be issued and the \$18,000,000 of general-mortgage gold bonds of 1987 will be pledged with said trust company as security therefor.

Arrangements have been made for the sale by the applicant of the 15-year secured gold bonds to Kuhn, Loeb & Company at 95.40 per cent of par and accrued interest, delivery of temporary certificates representing definitive bonds and payment therefor to be made on

or before March 10, 1921. At this price the bonds will be issued on a 7 per cent basis.

The proceeds of such sale will be used for the following purposes: (a) Retirement of \$10,000,000 of the applicant's 30-year debenture bonds dated February 28, 1891, which mature April 15, 1921; and (b) retirement of \$5,000,000 of 6 per cent consolidated first-mortgage bonds of the Milwaukee, Lake Shore & Western Railway Company, dated May 2, 1881, which mature May 1, 1921. The retirement of these bonds is provided for in the general mortgage dated November 1, 1897, made by the applicant to the United States Trust Company of New York and John A. Stewart, trustees.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority other than the Michigan Public Utilities Commission, which has filed an answer denying our jurisdiction. We are of opinion that we have jurisdiction.

We find that the proposed issue of 15-year secured gold bonds and the proposed issue and pledge of general-mortgage gold bonds of 1987 by the applicant (a) are for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized (1) to issue \$15,000,000 of 15-year 6½ per cent secured gold bonds under and pursuant to, and to be secured by, a trust indenture to be entered into by said Chicago & North Western Railway Company and the United States Trust Company of New York, under date of March 1, 1921, a copy of which is filed with the application; said bonds to be in coupon and/or

registered form, as provided in said trust indenture, to bear interest at the rate of $6\frac{1}{2}$ per cent per annum, payable semiannually on the 1st day of March and September in each year, and to mature March 1, 1936; and (2) to sell said bonds at such price that the total cost to the applicant of the sale thereof shall not exceed 7 per cent per annum of the principal amount thereof, including in such cost the interest and the discounts, attorney's fees, and all other expenses of sale in connection therewith; the proceeds of such sale to be used solely for the purposes specified in the aforesaid report.

It is further ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized (1) to issue \$15,000,000 of its general-mortgage gold bonds of 1987, under and pursuant to, and to be secured by, the general mortgage, dated November 1, 1897, made by said Chicago & North Western Railway Company to the United States Trust Company of New York and John A. Stewart, trustees; said general-mortgage gold bonds to be in coupon and/or registered form as provided in the general mortgage, to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of May and November in each year, and to mature November 1, 1987; and (2) to pledge said \$15,000,000 of general-mortgage gold bonds of 1987, together with \$3,000,000 of similar bonds, heretofore issued, and now held in its treasury, with the United States Trust Company, trustee, under the proposed indenture of March 1, 1921, as security for the \$15,000,000 of 15-year $6\frac{1}{2}$ per cent secured gold bonds hereinbefore authorized to be issued; said general-mortgage gold bonds to be used solely as such security until otherwise ordered by this Commission.

It is further ordered, That within 10 days after the execution and delivery of the trust indenture, under which the proposed 15-year secured gold bonds are to be issued, there shall be filed with the Commission a verified copy thereof in the form in which it was executed.

It is further ordered, That said 15-year $6\frac{1}{2}$ per cent secured gold bonds and said general-mortgage gold bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant except as herein authorized.

It is further ordered, That within 10 days thereafter the applicant shall report to the Commission all pertinent facts relating, respectively, to the issue and sale of said 15-year $6\frac{1}{2}$ per cent secured gold bonds, and to the issue and pledge and release from pledge of said general-mortgage gold bonds.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1120.

IN THE MATTER OF THE SUPPLEMENTAL APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF REFUNDING AND GENERAL MORTGAGE BONDS AND TO PLEDGE THE SAME.

Submitted February 16, 1921. Decided March 11, 1921.

Authority granted to procure authentication and delivery to applicant of its refunding and general mortgage 6 per cent bonds, series A, in aggregate amount of \$506,000, under and pursuant to a certain mortgage, and to pledge or repledge from time to time part or all of said bonds when and as necessary as security in whole or in part for advances under section 209 of the transportation act, 1920, or for loans under section 210 thereof, or for notes, the issue of which is required to be reported to us in certificates of notification under paragraph (9) of section 20a of the interstate commerce act. Terms and conditions prescribed.

A. R. Lawton for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Central of Georgia Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to procure the authentication and delivery to it by the trustee, of refunding and general mortgage 6 per cent bonds, series A, in the aggregate amount of \$506,000. Authority is also sought for the pledging of the said bonds as security (1) for advances to the applicant under section 209 of the transportation act, 1920; (2) for loans to the applicant under section 210 of said act, as amended; and (3) for such note or notes as may be issued by the applicant without our authorization and reported to us in certificates of notification in pursuance of paragraph (9) of section 20a of the interstate commerce act.

Under an indenture of mortgage dated April 1, 1919, to the United States Mortgage & Trust Company, a copy of which has been filed in this proceeding, the applicant may have authenticated and delivered to it by the trustee, refunding and general mortgage bonds in the aggregate amount of \$506,000, in respect of expenditures made during the period from September 1, 1920, to December 31, 1920,

amounting to \$491,000, for additions and betterments to road and equipment and for retiring outstanding bonds in the principal amount of \$15,000, as set forth in the supplemental application.

Applicant does not contemplate selling the bonds at the present time, but desires to have them authenticated and delivered to it so that they will be available for pledge.

By our order dated January 18, 1921, in this proceeding, the applicant was granted authority to procure the authentication and delivery to it of its refunding and general mortgage 6 per cent bonds, series A, in the principal amount of \$998,000, and to pledge or repledge from time to time part or all of said bonds for the purposes and under the terms and conditions therein specified.

We are of opinion that the proposed authentication and delivery of the bonds by the trustee to the applicant, and the proposed pledges of the same as security, in whole or in part, for advances to the applicant under section 209 of the transportation act, 1920, or for loans under section 210 of that act as amended or for short-term notes for the issue of which our authority need not first be obtained, but which must be covered by certificates of notification as prescribed by paragraph (9) of section 20a of the interstate commerce act, involve an issue of securities within the meaning of that section.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed authentication and delivery by the trustee to the applicant of its refunding and general mortgage 6 per cent bonds, series A, and the proposed pledges of the same as hereinbefore specified are (a) for lawful objects within the corporate purposes of the applicant and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof made and filed a report containing its findings of fact and conclu-

sions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized to procure the authentication and delivery of \$506,000 of its refunding and general mortgage 6 per cent bonds, series A; such bonds to be authenticated and delivered by the trustee to the applicant under and pursuant to the refunding and general mortgage dated April 1, 1919, made by the applicant to the United States Mortgage & Trust Company, in respect of expenditures aggregating \$506,000, for additions and betterments, and for retiring outstanding bonds as set forth in the supplemental application; said bonds to be dated April 1, 1919, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of April and October, and the principal thereof to be payable on the 1st day of April, 1959; any of these bonds so authenticated and delivered in temporary form prior to the preparation of definitive bonds, to be representative of definitive bonds, to be exchangeable for the definitive bonds which they represent, and to be substantially identical in tenor with such definitive bonds.

It is further ordered, That the Central of Georgia Railway Company, until otherwise ordered by this Commission, be, and it is hereby, authorized to pledge and/or repledge from time to time part or all of said bonds, when and as necessary, as security in whole or in part for (1) an advance or advances to the applicant under section 209 of the transportation act, 1920; (2) a loan or loans to the applicant from the United States under section 210 of said act, as amended; and (3) any note or notes hereafter issued by the applicant, for the issue of which this Commission's authority need not be first obtained, but which are required to be reported to the Commission in certificates of notification by paragraph (9) of section 20a of the interstate commerce act, the pledge of said bonds as security for such note or notes to be in the proportion of not exceeding \$120 of bonds for each \$100 of notes, and the cost to the applicant of such note or notes not to exceed 8 per cent per annum, including interest charges.

It is further ordered, That, except as herein authorized to be pledged and/or repledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall for the period ending June 30, 1921, and for each six months' period thereafter, report to the Commission within 30 days after the close of such periods, all pertinent facts relating to (1) the authentication and

delivery of said bonds as herein authorized; (2) the pledge or re-pledge of the same from time to time; and (3) the release thereof from pledge; each of said reports to be in writing, signed by an executive officer of the applicant, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1122.

IN THE MATTER OF THE APPLICATION OF THE PHILADELPHIA, NEWTOWN & NEW YORK RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 26, 1921. Decided March 11, 1921.

Proposed relocation of the main line of the Philadelphia, Newtown & New York Railroad Company in the city of Philadelphia, Pa., held not to be within the scope of paragraph (18) of section 1 of the interstate commerce act. Proceeding dismissed.

O. M. Thomson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Philadelphia, Newtown & New York Railroad Company, a carrier by railroad subject to the interstate commerce act, on December 2, 1920, filed its application for a certificate of public convenience and necessity authorizing it to abandon a portion of its line of railroad in the city of Philadelphia, Pa., and to construct a new line of railroad to take the place of the abandoned portion. Upon receipt of such application notice thereof was given to, and a copy filed with, the governor of the state of Pennsylvania, and like notice was published for three consecutive weeks in a newspaper of general circulation in the county of Philadelphia, in which county the line of railroad involved in this proceeding is situated. The record in the matter was developed for us by the Public Service Commission of Pennsylvania, in a similar proceeding instituted before that commission.

The applicant proposed to construct a new line from a point at the intersection of Pike and Second streets, describing a curve across privately owned property to a point connecting with its present main line on the north side of Erie avenue. Such new line will be about 1,150 feet in length and will be located not to exceed 200 feet west of the existing track. Upon said new line being constructed, the present line between the points mentioned will be taken up. The purpose of the proposed change is to permit the construction of a building at the corner of Second street and Erie avenue, and to enable the city of Philadelphia to vacate American street between Erie avenue and Pike street, as well as Butler street between Second street and Ameri-

can street. The city desires the applicant's tracks removed from Second street in order that the street may be widened, and has passed an ordinance to effectuate the plan. There is no industry located on the applicant's rails between the points in question which will not be served by the proposed new line, and operation will be conducted in all respects as heretofore. So far as service to the public is concerned, the proposed change will have no effect whatever, the public being interested only to the extent that travel on the public streets will be facilitated by the readjustment.

From the facts above stated, it is evident that the removal of the present tracks between Pike street and Erie avenue can not be said to constitute an abandonment of a line of railroad within the meaning of paragraph (18) of section 1 of the interstate commerce act, since the applicant's whole line will still be in service as before, and will render exactly the same service in a new location. Nor do we think that the relocation of the line constitutes the construction of a new line of railroad or an extension of a line of railroad within the meaning of that paragraph. The project is purely a relocation of an existing line under circumstances involving no change in the service rendered by the applicant to the public.

We find that the provisions of paragraph (18) of section 1 of the act do not apply to the relocation as proposed. An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division 4 having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 1136.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & NORTH WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE GENERAL-MORTGAGE BONDS AND FIRST AND REFUNDING MORTGAGE BONDS.

Submitted December 9, 1920. Decided March 11, 1921.

Authority granted the Chicago & North Western Railway Company to issue and hold in its treasury \$1,440,000 of general-mortgage gold bonds of 1987, and \$416,000 of first and refunding mortgage gold bonds.

James B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Chicago & North Western Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$1,440,000 of general-mortgage gold bonds of 1987, and \$416,000 of first and refunding mortgage gold bonds.

During the year 1920 the applicant expended \$1,061,139.96 for additions and betterments to property and equipment. Under the general gold-bond mortgage of 1987 dated November 1, 1897, made by the applicant to the United States Trust Company of New York and John A. Stewart, trustees, it is authorized to issue bonds to reimburse its treasury for these expenditures. This mortgage also reserves bonds for retiring, at or before maturity, 31 existing bond issues, including \$660,000 of Wisconsin Northern Railway Company first-mortgage bonds, bearing interest at 4 per cent, and maturing July 15, 1931. In May, 1898, the applicant retired \$220,000 of these bonds by exchanging therefor a like amount of its general-mortgage gold bonds of 1987, leaving a balance of \$440,000 outstanding. Of the proposed issue of general-mortgage gold bonds of 1987, \$1,000,000 will be in respect of the aforesaid expenditures for additions and betterments and \$440,000 in respect of the retirement of the remaining Wisconsin Northern Railway Company bonds.

The applicant's first and refunding gold-bond mortgage dated May 1, 1920, made by the applicant to the Farmers' Loan & Trust Company and Edwin S. Marston, trustees, reserves bonds for retiring, at

or before maturity, 15 bond issues, including \$416,000 of Mankato & New Ulm Railway Company first-mortgage bonds, bearing interest at 3½ per cent, and maturing October 1, 1929. It is the applicant's purpose to reimburse its treasury for expenditures made in the retirement of these bonds with the proposed issue of first and refunding mortgage gold bonds.

The Wisconsin Northern Railway Company and the Mankato & New Ulm Railway Company were organized in the interest of the applicant. Both companies issued first-mortgage bonds while the lines were under construction, and these bonds were acquired directly or indirectly by the applicant in repayment of construction loans. Upon completion, the lines were transferred to the applicant and became parts of its system. Both bond issues were sold by the applicant at par to trustees of sinking funds, which were finally closed on June 1, 1917; and since the applicant retired the bonds secured by these sinking funds without using the sinking-fund assets, the bonds in the sinking funds thereupon became free assets of applicant.

The applicant states that because of the short interval remaining before maturity, the low interest rates, and the local character of the underlying bonds, it will be impossible to sell them except at a heavy discount. For these reasons it is desired to refund both issues with long-term bonds bearing higher rates of interest. The applicant proposes to sell the bonds for which authority is asked at a minimum price of 90 per cent of par or to pledge them as security for the performance of obligations which it may incur. In view of the fact, however, that definite plans for disposing of the proposed bonds have not been formulated, authority will be given at this time for the issue and deposit of said bonds in the applicant's treasury.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application was given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by authorities other than the Michigan Public Utilities Commission, which asked dismissal of the application on the ground that this Commission is without jurisdiction in the premises. We are of opinion that we have jurisdiction.

We find that the proposed issue by the applicant of \$1,440,000 of general-mortgage gold bonds of 1987 and \$416,000 of first and refunding mortgage gold bonds (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and

which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing having been held on this application and full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized, for the purpose of reimbursing its treasury for expenditures for additions and betterments, and in the retirement of underlying bonds, (1) to issue not to exceed \$1,440,000 of general-mortgage gold bonds of 1887, under and pursuant to, and to be secured by, the general gold-bond mortgage of 1887, dated November 1, 1887, made by the applicant to the United States Trust Company of New York and John A. Stewart, trustees; said bonds to be dated November 1, 1887, to mature November 1, 1887, to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of May and November in each year, and when so issued to be held in the treasury of said Chicago & North Western Railway Company; and (2) to issue not to exceed \$416,000 of first and refunding mortgage gold bonds, under and pursuant to and to be secured by the first and refunding gold-bond mortgage dated May 1, 1920, made by the applicant to the Farmers' Loan & Trust Company and Edwin S. Marston, trustees; said bonds to mature May 1, 2037, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of June and December in each year and when so issued to be held in the treasury of said Chicago & North Western Railway Company; *Provided, however*, that said underlying bonds, namely, \$440,000 of Wisconsin Northern Railway Company first-mortgage bonds and \$416,000 of Mankato & New Ulm Railway Company first-mortgage bonds, now in the possession of the applicant, shall be canceled previous to or simultaneously with the issue of the bonds herein authorized.

It is further ordered, That the bonds herein authorized to be issued shall not, unless and until ordered by this Commission, be sold, pledged, or otherwise disposed of by the applicant.

It is further ordered, That the Chicago & North Western Railway Company shall make report to this Commission within 10 days thereafter, respectively, (1) of the cancellation of said Wisconsin Northern Railway Company first-mortgage bonds and of said Man-

kato & New Ulm Railway Company first-mortgage bonds, and (2) of the issue of the general-mortgage gold bonds of 1987, and of the first and refunding mortgage gold bonds herein authorized.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said bonds or interest thereon.

FINANCE DOCKET No. 1179.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 24, 1921. Decided March 11, 1921.

Certificate issued authorizing the abandonment of a branch line of railroad in Nassau county, Fla.

James F. Wright for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Seaboard Air Line Railway Company, a common carrier by railroad engaged in interstate commerce, on January 10, 1921, filed an application, under paragraphs 18 to 20, inclusive, of section 1 of the interstate commerce act, for a certificate of public convenience and necessity authorizing the abandonment of a branch line of railroad in Nassau county, Fla.

The branch in question extends from Thirteenth street, in the city of Fernandina, to a point called Amelia Beach, a distance of 1.39 miles. It was built in 1886 for the purpose of furnishing passenger service to a resort at Amelia Beach, and was sold in 1894 to the Florida Central & Peninsular Railroad Company, of which company the applicant is a successor. In 1915 the branch was leased to the city of Fernandina, which operated it until September, 1916, at which time the beach property was abandoned as a resort. Since that date the line has not been in use, and the applicant states that the city desires to surrender its lease, inasmuch as there is no traffic to the beach at present and none in prospect. The branch serves no industry or enterprise of any kind, passes through no town or community, and serves no useful purpose whatever. The line cost about \$14,625 in 1886, there having been no donations except certain rights of way, which in the event of abandonment will revert to the grantors. There is no indebtedness against the branch itself, other than the general mortgages of the applicant covering its entire system, as to which mortgages the abandonment of the branch in question can obviously have no material effect.

Upon receipt of the application, notice thereof was given to, and a copy filed with, the governor of the state of Florida, the only state

in which the line of railroad proposed to be abandoned is situated, and like notice was published for three consecutive weeks in a newspaper of general circulation in Nassau county, Fla., the only county in which said line is situated, as required by paragraph (19) of section 1 of the interstate commerce act. No objection to the granting of the application was offered by the railroad commission or other authority of the state mentioned, and the matter was thereupon submitted, upon the filing of the return required by our questionnaire, without formal hearing.

We find that the present and future public convenience and necessity permit the abandonment of the line of railroad in question, as requested in the application. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding have been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Seaboard Air Line Railway Company of that certain branch line of railroad extending from the city of Fernandina to the point known as Amelia Beach, all in the county of Nassau, state of Florida.

It is ordered, That said Seaboard Air Line Railway Company be, and it is hereby, authorized to abandon said branch line of railroad; to remove the tracks thereof, and to dispose of the salvage therefrom in such manner as may be lawful and proper.

And it is further ordered, That said Seaboard Air Line Railway Company, when filing schedules canceling rates applicable to said branch line, shall in such schedules refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1205.

IN THE MATTER OF THE APPLICATION OF THE RARITAN RIVER RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted February 9, 1921. Decided March 11, 1921.

Authority granted to issue, within 60 days after the date of the order herein, promissory notes in an aggregate amount of not exceeding \$100,000, payable one year after date, with interest at the rate of 6 per cent per annum; said notes to be negotiated at a bank or banks by the applicant on a basis of not exceeding 6 per cent per annum.

Edwin F. Smith for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Raritan River Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue promissory notes in an aggregate amount of not exceeding \$100,000, for the purpose of obtaining funds with which to pay current expenses, taxes, and amounts due connecting carriers.

The applicant represents that its current liabilities amount to \$347,100, covering traffic balances and per diems, audited accounts payable, adjustments of income taxes for 1918 and 1919, and discounted notes. On February 8, 1921, the applicant had on deposit in banks the sum of \$32,800. It has submitted an estimate that its receipts in the near future will amount to \$311,400 additional, of which \$144,700 is the amount claimed by the applicant to be due it under the guaranty provisions of section 209 of the transportation act, 1920.

It appears that to the close of the calendar year 1919 the applicant had a total uncanceled investment in road and equipment of \$307,910.59.

While the application is for authority to issue \$100,000 of promissory notes, the applicant states that it does not intend to issue notes to a larger amount than is needed to meet its requirements. The notes proposed to be issued will be dated as of the date of issue, will mature one year after date, and will bear interest at the rate of 6 per cent per annum. They will be made payable to the applicant

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and will be negotiated at local banks on the basis of 6 per cent per annum.

The proposed notes and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of New Jersey, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Board of Public Utility Commissioners or other authority of that state.

We find that the proposed issue by the applicant of promissory notes in the aggregate amount of not exceeding \$100,000 (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Raritan River Railroad Company be, and it is hereby, authorized to issue, within 60 days after the date of this order, promissory notes in the aggregate amount of not exceeding \$100,000, such notes to be dated as of the date of issue, to bear interest at the rate of 6 per cent per annum, and to be payable one year after date; said notes to be in the form submitted with the application and to be negotiated at a bank or banks on a basis of not exceeding 6 per cent per annum; the proceeds thereof to be used solely for the purpose of paying obligations of the applicant as set forth in the application.

It is further ordered, That, except as herein authorized, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until otherwise ordered.

It is further ordered, That applicant shall within 10 days thereafter report to this Commission all pertinent facts relating (1) to
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the issue of said notes, and (2) to their payment or satisfaction, such reports to be in writing, signed, and verified by an executive officer of the applicant having knowledge of the facts,

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said notes, or interest thereon, on the part of the United States.

SUPPLEMENTAL ORDER.

(March 28, 1921.)

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the order of this Commission of March 11, 1921, in said proceeding, be, and it is hereby, so modified as to authorize the Raritan River Railroad Company to issue, from time to time, as its needs may require, within one year after the date of this supplemental order, promissory notes in an aggregate face amount not exceeding \$100,000; said notes to be dated as of the date of issue, to bear interest at rates not exceeding 6 per cent per annum, and to be payable within one year after their respective dates.

And it is further ordered, That, except as herein modified, said order of March 11, 1921, shall remain in full force and effect until otherwise ordered.

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FINANCE DOCKET No. 1231.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & NASHVILLE RAILROAD COMPANY FOR AUTHORITY TO PLEDGE SECURITY FOR SHORT-TERM NOTES.

Submitted February 21, 1921. Decided March 11, 1921.

Authority granted the Louisville & Nashville Railroad Company to pledge from time to time, as security for short-term notes which may be issued without authorization, certain bonds and stocks nominally issued and now held in its treasury.

E. S. Jouett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Louisville & Nashville Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to pledge \$4,000,000 of the Lewisburg & Northern Railroad Company's first-mortgage 5 per cent bonds, and \$1,000,000 of Lexington & Eastern Railway Company's first-mortgage 5 per cent bonds, which have been nominally issued and are now held in applicant's treasury, as collateral security for \$4,500,000 of 6 per cent promissory notes, which it may lawfully issue without authorization, said notes to be dated March 1, 1921, due six months after date, and (2) to pledge and repledge from time to time securities nominally issued, now held in its treasury, for such short-term notes as it may lawfully issue without authorization.

The bonds and stocks which applicant seeks authority to pledge and repledge as security for such short-term notes as it may have occasion to issue from time to time subsequent to March 1, 1921, to meet its temporary requirements, including the bonds to be pledged as security for the notes described in (1) above, are as follows:

Bonds.	Par value.
Louisville & Nashville Railroad Company unified 4 per cent gold-----	\$117,000
Louisville & Nashville Railroad Company Atlanta, Knoxville & Cincinnati division 4 per cent gold-----	740,000
Louisville & Nashville Railroad Company first-mortgage 5 per cent trust-----	424,000

Bonds.	Par value.
Louisville & Nashville Railroad Company Paducah & Memphis division first-mortgage 4 per cent gold-----	\$217,000
Louisville & Nashville Terminal Company first-mortgage 4 per cent gold-----	101,000
Kentucky Central Railway Company first-mortgage 4 per cent gold---	32,000
Nashville, Florence & Sheffield Railway Company first-mortgage 5 per cent gold-----	100,000
South & North Alabama Railroad Company general consolidated 5 per cent gold-----	391,000
Nashville, Chattanooga & St. Louis Railway 5 per cent first-mortgage consolidated-----	64,000
Charleston Terminal Company 4 per cent gold-----	300,000
Lexington & Eastern Railway Company first-mortgage 5 per cent gold--	2,625,000
Kentucky & Virginia Railroad Company first-mortgage 5 per cent gold--	3,325,000
Birmingham & Tuscaloosa Railroad Company first-mortgage 5 per cent gold-----	767,000
Lewisburg & Northern Railroad Company first-mortgage 5 per cent gold-----	8,921,000
Louisville, Henderson & St. Louis Railway Company first consolidated mortgage 5 per cent gold-----	700,000
Elberton & Eastern Railroad Company first-mortgage 5 per cent-----	190,000
Alabama Mineral Railroad Company first-mortgage 4 per cent gold--	3,150,000

Stocks.

26,817 shares Nashville, Chattanooga & St. Louis Railway common, \$100 each (par)-----	2,681,700
57,801 shares Nashville & Decatur Railroad common, \$25 each (par) -	1,445,025

All of the above-mentioned securities were nominally issued prior to June 27, 1920, except \$102,000 of Louisville & Nashville Railroad unified 4 per cent bonds, which were received from the trustee subsequent to that date, pursuant to resolution of applicant's board of directors adopted June 17, 1920. These latter bonds were received in exchange for prior-lien bonds redeemed and deposited with the trustee, the unified mortgage being made subject to said prior-lien bonds. All of the above-mentioned bonds and stocks are now held unencumbered in applicant's treasury.

The application was made under oath, signed, and filed on behalf of applicant by one of its executive officers duly designated for that purpose. As required by said section 20a, notice of the filing of the application was given to, and a copy thereof filed with the governor of each of the states in which the applicant operates. No objection to the granting of the application has been made by any state authority.

We find that (1) the proposed pledge by applicant of \$4,000,000 of the Lewisburg & Northern Railroad Company's first-mortgage 5 per cent bonds and \$1,000,000 of the Lexington & Eastern Railway Company's first-mortgage 5 per cent bonds as security for \$4,500,000 of

applicant's note or notes to be dated March 1, 1921, due six months after date; and (2) the proposed pledge or repledge from time to time by applicant of all or any part of the bonds and stocks hereinabove mentioned (except the bonds of the Alabama Mineral Railroad Company in the amount of \$3,150,000) as security for any note or notes that may be issued by it subsequent to March 1, 1921, to mature not more than two years after the date thereof and aggregating (together with all other then outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of its securities then outstanding, (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose. Authority to pledge the first-mortgage bonds of the Alabama Mineral Railroad Company is for the present withheld.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Louisville & Nashville Railroad Company be, and it is hereby, authorized to pledge \$4,000,000 of the Lewisburg & Northern Railway Company's first-mortgage 5 per cent bonds, and \$1,000,000 of Lexington & Eastern Railway Company's first-mortgage 5 per cent bonds, as collateral security for \$4,500,000 of a note or notes to be dated March 1, 1921, bearing interest at the rate of 6 per cent per annum, and due six months after date.

It is further ordered, That the Louisville & Nashville Railroad Company, until otherwise ordered, be, and it is hereby, authorized to pledge and repledge from time to time all or any part of the bonds and stocks nominally issued and specified in said report, except the bonds of the Alabama Mineral Railroad Company, as collateral security for any note or notes hereafter issued by it, to mature not more than two years after the date thereof and aggregating (together with other then outstanding notes of a maturity of two years or less) not more than 5 per cent of the par value of its securities then outstanding: *Provided, however*, that not exceeding \$133.33 $\frac{1}{3}$ of any of said bonds or/and stocks shall be pledged or repledged for each \$100 of such notes.

It is further ordered, That the securities herein authorized to be pledged and repledged shall not, unless and until otherwise authorized, be used or disposed of, except as authorized in this order.

It is further ordered, That the Louisville & Nashville Railroad Company shall make report to this Commission within 10 days thereafter of any pledge, release from, or repledge, of any of said bonds.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said bonds or interest thereon or said stocks or dividends thereon.

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FINANCE DOCKET No. 87.¹

IN THE MATTER OF THE APPLICATION OF THE VIRGINIA BLUE RIDGE RAILWAY FOR AUTHORITY TO ISSUE NOTES AND TO PLEDGE BONDS AS SECURITY.

Submitted February 3, 1921. Decided March 12, 1921.

Authority granted (1) to issue promissory notes aggregating \$106,000, and to use said notes to extend loans evidenced by past due promissory notes for a like aggregate amount; and (2) to pledge as collateral security for certain of said notes its first-mortgage 6 per cent bonds in the aggregate amount of \$50,000.

James R. Caskie for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Virginia Blue Ridge Railway, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue 12 promissory notes aggregating \$106,000 for the purpose of extending certain loans evidenced by its promissory notes for a like aggregate amount now past due, and (2) to pledge, as collateral security for certain of said notes first-mortgage bonds aggregating \$50,000. The applicant has filed 12 separate applications, each of which requests authority to issue one of said proposed notes and 4 of which pray for authority so to pledge certain of said bonds.

The proposed notes are to be issued under dates, for amounts and terms, and to holders of past due notes, respectively, as follows:

Holder.	Date.	Maturity.	Term in months.	Amount.
Ithaca Trust Company, Ithaca, N. Y.....	Feb. 12, 1921	Aug. 12, 1920	3	\$8,500
First National Bank, Owego, N. Y.....	Nov. 7, 1920	Aug. 11, 1920	6	4,500
First National Bank of Ithaca, Ithaca, N. Y.....	Feb. 2, 1921	Oct. 2, 1920	4	8,500
Riggs National Bank, Washington, D. C.....	Feb. 24, 1921	Oct. 24, 1920	4	19,000
First National Bank of Groton, N. Y.....	Dec. 9, 1920	Aug. 9, 1920	4	3,000
Second National Bank, Elmira, N. Y.....	Dec. 2, 1920	Aug. 2, 1920	4	18,500
Riggs National Bank, Washington, D. C.....	Dec. 12, 1920	Aug. 12, 1920	4	6,500
First National Bank of Ithaca, Ithaca, N. Y.....	Dec. 12, 1920	Aug. 12, 1920	4	6,500
Corning Trust Company, Corning, N. Y.....	Jan. 19, 1921	July 19, 1920	3	5,000
First National Bank of Ithaca, Ithaca, N. Y.....	Apr. 2, 1921	Aug. 2, 1920	4	13,000
Riggs National Bank, Washington, D. C.....	Jan. 12, 1921	Jan. 12, 1921	4	8,500
First National Bank, Owego, N. Y.....	Feb. 11, 1921	Aug. 11, 1920	6	4,500

¹ This report also embraces Finance Dockets Nos. 88, 89, 91, 1149, 1150, 1151, 1152, 1154, 1155, 1156, and 1157.

Each of the proposed notes will bear interest at the rate of 6 per cent per annum except the note for \$3,000, upon which such rate is to be 8 per cent per annum. The note for \$5,000 is to be payable to Howard Cobb, Fordyce A. Cobb, John W. Dwight, and J. W. Powell, and indorsed by them and delivered to said Corning Trust Company. The entire proceeds of each of the 12 loans were used by the applicant for its corporate purposes.

It appears that at the present time the applicant is financially unable to pay any of said loans. To obtain funds for that purpose it has applied for a loan from the United States under section 210 of the transportation act, 1920, as amended. That application is now under consideration.

The proposed notes for \$8,500, \$6,500, and \$13,000, to be issued to the First National Bank of Ithaca, and for \$5,000, to be issued to the Corning Trust Company, are to be secured collaterally by the pledge of the applicant's first-mortgage 6 per cent bonds for \$13,000, \$8,000, \$19,000, and \$10,000, respectively. The bonds, which it is proposed so to pledge, are now pledged with said bank and said trust company as collateral security for notes of like amounts, respectively, heretofore issued by the applicant to evidence loans, as aforesaid.

The proposed notes and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

Each of the 12 applications was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of each application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which the applicant operates. No objection to the granting of any of said applications has been offered by the State Corporation Commission or other authority of that state.

We find that the proposed issue of said notes and the proposed pledge of said bonds by the applicant (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in these proceedings having been had, and said Division having, on the date

hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Virginia Blue Ridge Railway be, and it is hereby, authorized to issue 12 promissory notes in the aggregate amount of \$106,000 for the purpose of extending loans evidenced by its past due promissory notes for a like aggregate amount; said notes to be substantially in the forms submitted with the respective applications and to be issued under dates, for amounts and terms, and to payee, respectively, as follows:

Payee.	Date.	Term in months.	Amount.
Ithaca Trust Company, Ithaca, N. Y.	Feb. 12, 1921	3	\$8,500
First National Bank, Owego, N. Y.	Nov. 7, 1920	6	4,500
First National Bank of Ithaca, Ithaca, N. Y.	Feb. 2, 1921	4	8,500
Riggs National Bank, Washington, D. C.	Feb. 24, 1921	4	10,000
First National Bank of Groton, N. Y.	Dec. 9, 1920	4	3,000
Second National Bank, Elmira, N. Y.	Dec. 2, 1920	4	18,500
Riggs National Bank, Washington, D. C.	Dec. 12, 1920	4	6,500
First National Bank of Ithaca, Ithaca, N. Y.	Dec. 12, 1920	4	6,500
Howard Cobb, Fordyce A. Cobb, John W. Dwight, and J. W. Powell.	Jan. 19, 1921	3	5,000
First National Bank of Ithaca, Ithaca, N. Y.	Apr. 2, 1921	4	13,000
Riggs National Bank, Washington, D. C.	Jan. 12, 1921	4	8,500
First National Bank, Owego, N. Y.	Feb. 11, 1921	6	4,500

Each of said notes is to bear interest at the rate of 6 per cent per annum except the note for \$3,000, which is to bear interest at the rate of 8 per cent per annum; and the note for \$5,000 is to be indorsed by said Howard Cobb, Fordyce A. Cobb, John W. Dwight, and J. W. Powell and delivered to the Corning Trust Company;

It is further ordered, That the Virginia Blue Ridge Railway be, and it is hereby, authorized (a) to pledge as collateral security for said note for \$8,500 to be issued to the First National Bank of Ithaca, \$13,000, of the applicant's first-mortgage 6 per cent bonds Nos. 314 to 320, inclusive, and Nos. 335 to 340, inclusive; (b) to pledge as collateral security for said note for \$6,500 to be issued to the First National Bank of Ithaca, \$8,000 of said bonds Nos. 321 to 328, inclusive; (c) to pledge as collateral security for said note for \$5,000 to be delivered to the Corning Trust Company, \$10,000 of said bonds, Nos. 221, 222, 223, 230, 235, 236, 237, 238, 239, and 240; and (d) to pledge as collateral security for said note for \$13,000 to be issued to the First National Bank of Ithaca \$19,000 of said bonds, Nos. 301 to 313, inclusive, and 329 to 334, inclusive.

It is further ordered, That except as herein authorized, neither said notes nor said bonds, nor any of said notes or bonds, shall be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That the applicant shall within 10 days thereafter report to this Commission all pertinent facts relating (1) to the

issue of each of said notes, (2) to the payment or satisfaction of each, (3) to the pledge of any of said bonds as herein authorized, and (4) to the release from pledge of any bonds so pledged; each report to be in writing and signed by an executive officer of the applicant having knowledge of the facts and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes or said bonds, or as to the interest thereon, on the part of the United States.

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FINANCE DOCKET No. 241.
IN THE MATTER OF FINAL SETTLEMENT WITH THE
WESTERN ALLEGHENY RAILROAD COMPANY.

Submitted October 12, 1920. Decided March 12, 1921.

1. The Western Allegheny Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Western Allegheny Railroad Company, under the provisions of paragraphs (f) and (g) of section 204, is ascertained to be \$114,941.96, from which there is deductible an amount of \$527.05 due from said Western Allegheny Railroad Company to the President (as operator of the transportation systems under federal control), on account of traffic balances and other indebtedness. Certificate issued.

G. M. Hughes for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Allegheny Railroad Company, hereinafter termed the carrier, a corporation of the state of Pennsylvania, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Bradys Bend and West Pittsburgh, Pa., a distance of approximately 47.89 miles, its lines connecting at Queen Junction, Pa., with the Bessemer & Lake Erie Railroad, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the Director General. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$148,418.83, whereas our examination of the accounts shows the correct amount for that period to be \$150,666.79. The operated mileage during both the federal control period and the test period was approximately 47.89 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the

proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$35,724.83 of the maintenance charge.

We find a net credit of \$114,941.96 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$527.05 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-32 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained that the Western Allegheny Railroad Company, a carrier as defined in said section 204, sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 there is payable to the Western Allegheny Railroad Company the sum of \$114,941.96.

The Commission also hereby certifies that the amount due from said Western Allegheny Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness is \$527.05, and that the amount now payable to the Western Allegheny Railroad Company, after making said deduction, is \$114,414.91.

Dated this 14th day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1142.

THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 21, 1921. Decided March 12, 1921.

Certificate issued authorizing construction of a branch line of railroad in Jefferson county, Ala.

Permission granted to retain the excess earnings of the new line for not more than 10 years from December 31, 1921.

Alexander R. Lawton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

DIVISION 4:

The Central of Georgia Railway Company, a common carrier by road engaged in interstate commerce, applies, under paragraphs 16 to 20, inclusive, of section 1 of the interstate commerce act, for a certificate of public convenience and necessity for the construction of a branch line of railroad in Jefferson county, Ala., as an extension to the main line of railroad, and, under paragraph 18 of section 15a of said act, for permission to retain the excess earnings therefrom for not more than 10 years.

Upon receipt of the application notice thereof was given to and a copy filed with the governor of the state of Alabama, and a like notice was published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line of road is to be constructed. Thereafter the applicant made due return to our questionnaire and, the Public Service Commission of Alabama having recommended that the application be granted, the same was submitted without formal hearing.

The proposed branch is to extend from a point called McCombs, which is 12.6 miles east of Birmingham, in a southwesterly direction along the foot of Shades Mountain, a distance of 5.8 miles, thence southeasterly about 1 mile to a station not yet named, with a spur line extending some 3 miles southwest from the angle of the main branch. No survey has yet been made but it is stated that the specifications will conform to applicant's class C roadbed and track and that an 80-pound relay rail will be used. The applicant expects to

complete the construction by August 1, 1921. It is proposed to pay the cost of the new line out of current funds, reimbursing its treasury later by issuing bonds for the amount of the expenditure.

The applicant desires to carry freight and passengers as a common carrier on the extension, but the primary purpose to be served by the proposed line is the hauling of coal from the several mines to be reached either directly by the branch or by spurs therefrom. It is stated that some of the older mines in the region of Birmingham are nearly exhausted and that the opening of the mines in Jefferson county is therefore a necessity. This development is said to be assured. The applicant is particularly desirous of serving this new coal field because of the fact that its own supply, in large measure, comes from mines to which it has no direct access, the only tonnage of coal originating on its lines being that produced by mines in St. Clair county, having an aggregate rating of approximately 2,000 tons per day. Present supplies of coal produced in Alabama are mined at points west of Birmingham, but the coal handled by the proposed line will be routed to points east, thus eliminating any cross haul. Because of the topography of the country, which is mountainous, the coal field in question can not now be served by any other carriers or by any extension except the one proposed.

The estimate of probable traffic to be derived from the proposed extension is 150,000 tons in the first year, increasing to 600,000 tons in the fifth year, comprising the outbound movement, and from 2,000 to 3,000 tons of miscellaneous merchandise inbound. Net revenues allocated to the branch itself in the fifth year are estimated at \$60,826. The applicant includes no figures for cost of equipment, or for additions or betterments on the main line, although it is obvious that equipment used on the branch will be diverted from other uses, and that considerable capital improvements will be necessary on the main line in order to handle the predicted volume of traffic. It is equally obvious that the direct return allocated to the branch, considered by itself, would not justify the investment. It is therefore advisable to ascertain the probable effect of the new construction on the return to the system as a whole, taking into consideration the total revenue from the new traffic as well as the actual investment which must go into the applicant's property by reason of the new construction, including use of equipment. Using the applicant's estimate of construction costs and of gross revenues accruing to the system as a whole, and its assumed operating ratio of 80 per cent, but making the necessary adjustments for equipment used and for expenditures on the main line, the result appears as follows:

	Added invest- ment.	Added net op- erating income.	Return per cent.
First year.....	\$1,143,485	\$52,637	4.6
Second year.....	1,407,516	103,486	7.4
Third year.....	1,982,137	206,086	10.4
Fourth year.....	1,982,137	206,086	10.4
Fifth year.....	1,982,137	206,086	10.4

The percentage of return to the branch itself, however, on the basis of its cost and probable revenues to be allocated to it, will appear in the following estimate of net return (above taxes) accruing to the proposed branch line:

	Road invest- ment.	Equip- ment invest- ment.	Total invest- ment.	Net return.	Return, per cent.
First year.....	\$598,920	\$100,000	\$698,920	Loss, \$18,920	Loss, 3.3
Second year.....	598,920	150,000	748,920	Loss, 8,419	Loss, 1.8
Third year.....	648,920	200,000	848,920	20,917	2.46
Fourth year.....	648,920	200,000	848,920	20,917	2.46
Fifth year.....	648,920	200,000	848,920	20,917	2.46

The foregoing analysis excludes the 3-mile spur. The applicant expects to build this spur somewhat later than the rest of the line, and did not include, in the return to the questionnaire, estimates of its cost, traffic, or earnings, but submitted a supplementary statement showing the probable revenues, both those to be allocated to the spur itself and those accruing to the whole system.

The showing of prospective net income renders it improbable that a segregation of the accounts of the branch line for a period of 10 years will show any excess earnings to which the permission of paragraph 18, section 15a can attach. However, if the applicant is able during that period to secure better results than the above estimates indicate, it will be proper that any excess be retained in order to offset the probable deficit in the early years.

Upon the record we find that public convenience and necessity require the construction of the extension as proposed and that the applicant may be permitted to retain the excess earnings therefrom for a period of not to exceed 10 years from the date at which the main branch is placed in operation. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

This application having been duly submitted, and full investigation of the matters and things involved having been had, and said
67 I. C. C.

Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction of a branch line of the Central of Georgia Railway Company as described in said report.

It is ordered, That said Central of Georgia Railway Company be, and it is hereby, authorized to construct said extension, upon the condition that said extension shall be completed and placed in operation on or before December 31, 1931.

It is further ordered, That said Central of Georgia Railway Company be, and it is hereby, permitted to retain for a period of 10 years from the date on which said extension shall be placed in operation, but not extending beyond December 31, 1931, all of the earnings derived from such extension: *Provided, however,* that this permission is expressly conditioned upon the keeping of applicant's accounts in such manner that the earnings derived from such extension can be segregated from those of the applicant's other line or lines.

And it is further ordered, That said Central of Georgia Railway Company, when filing schedules establishing rates and fares to and from points on said extension, shall make specific reference in such schedules to this certificate, by title, date, and docket number.

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FINANCE DOCKET No. 1147.

IN THE MATTER OF THE APPLICATION OF THE TOLEDO
TERMINAL RAILROAD COMPANY FOR AUTHORITY TO
ISSUE NOTES.

Submitted December 16, 1920. Decided March 12, 1921.

Authority granted to issue \$72,000 of promissory notes under a certain proposed agreement of conditional sale covering the acquisition of two freight locomotives.

Marshall & Fraser for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Toledo Terminal Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue promissory notes aggregating \$72,000, for the purpose of evidencing deferred installments of the purchase price of certain equipment.

It appears that present motive power of the applicant is insufficient for handling the volume of traffic on its line of railroad. The applicant has, therefore, arranged to purchase, under a proposed agreement of conditional sale with the American Locomotive Works, to be under date of December 10, 1920, two 22 by 28 inch (280-S-200-class) superheater consolidation-type freight locomotives, at a price of \$96,500. By the terms of the proposed agreement, a copy of which was submitted with the application, \$24,500 of the purchase price is to be paid in cash within 30 days after the average date of delivery, and the remaining \$72,000 in 24 equal installments of \$3,000 each. These installments are to be evidenced by promissory notes, numbered from 1 to 24, dated December 10, 1920, payable to bearer, with interest at the rate of 6 per cent per annum, and maturing successively at periods of one month, beginning January 10, 1921, to and including December 10, 1922. Our order will provide for the payment of notes Nos. 1 and 2 on demand. From and after delivery of the locomotives, applicant will have possession of and right to use the same, but title thereto will remain in the vendor until the full purchase price, including all the notes repre-

senting deferred installments thereof, has been paid, whereupon the title will vest in the applicant.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the applicant operates. An answer has been filed by the Public Utilities Commission of Ohio, challenging our jurisdiction in this proceeding. We are, however, of the opinion that we have jurisdiction.

We find that the proposed issue by the applicant of promissory notes in the aggregate amount of \$72,000 (*a*) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for or consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Toledo Terminal Railroad Company be, and it is hereby, authorized to issue 24 promissory notes of the aggregate amount of \$72,000, under and pursuant to, and to be secured by, a proposed agreement of conditional sale between the applicant and the American Locomotive Company; each note to be in the sum of \$3,000, to be dated December 10, 1920, to bear interest at the rate of 6 per cent per annum, and to be substantially in the form submitted with the application; said notes to be numbered consecutively from 1 to 24, and to mature as follows: Notes Nos. 1 and 2, on demand, and notes Nos. 3 to 24, inclusive, respectively, on the 10th day of each month beginning March, 1921, to and including December, 1922, inclusive; and to be used by the applicant in the procurement of two freight locomotives under the terms of said agreement.

It is further ordered, That unless otherwise ordered said notes shall not be sold, pledged, repledged, used, or otherwise disposed of by the applicant except as herein authorized.

It is further ordered, That the Toledo Terminal Railroad Company (1) shall within 10 days thereafter report to this Commission

all pertinent facts relating to the issue of said notes and application of the proceeds thereof, together with the account or accounts to which such expenditures were charged; and (2) shall for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, report to the Commission all pertinent facts relating to the payment or satisfaction of said notes, or any part thereof, and continue to make such periodical reports until all of said notes have been paid or otherwise satisfied and title to the equipment procured thereby has vested in the applicant; each report to be in writing, signed by an executive officer of the applicant having knowledge of the matters contained therein, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1167.

IN THE MATTER OF THE APPLICATION OF THE RICHMOND TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted February 10, 1921. Decided March 12, 1921.

Authority granted to issue under date of January 1, 1921, two promissory notes, each in the amount of \$12,500, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, respectively, on or before January 1, 1924, with interest at the rate of 6 per cent per annum.

E. Randolph Williams for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Richmond Terminal Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue two promissory notes, each in the amount of \$12,500, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, respectively, on or before January 1, 1924, with interest at the rate of 6 per cent per annum.

Development of the plans of the passenger terminal of the applicant in the city of Richmond, Va., necessitated the location of a portion of a loop track on real estate owned by the Richmond, Fredericksburg & Potomac Railroad Company and the relocation by that company of an industrial track upon land owned by the applicant. The boards of directors of the two companies have approved an agreement effecting an exchange of the several parcels of real estate involved at prices fixed by disinterested appraisers. The appraised value of the real estate of the Richmond, Fredericksburg & Potomac Railroad Company involved in the exchange exceeds that of the applicant by \$19,140.

The applicant seeks authority to issue its promissory notes as aforesaid for the purpose of obtaining funds to make payment of the \$19,140 in cash to the Richmond, Fredericksburg & Potomac Railroad Company in accordance with the terms of said agreement and to make payment of \$5,860 on account of indebtedness to the

United States Railroad Administration for additions and betterments made to the applicant's property during the period of federal control. The notes are to be negotiated at par.

The proposed notes and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which the applicant operates. No objection to the granting of the application has been offered by the State Corporation Commission or other authority of that state.

We find that the proposed issue by the applicant of two promissory notes in the aggregate amount of \$25,000 (a) is for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Richmond Terminal Railway Company be, and it is hereby, authorized to issue, under date of January 1, 1921, two promissory notes, each in the face amount of \$12,500, and payable on or before January 1, 1924, to the order of the Richmond, Fredericksburg & Potomac Railroad Company, and of the Atlantic Coast Line Railroad Company, respectively, with interest at the rate of 6 per cent per annum; said notes to be substantially in the form submitted with the application, to be negotiated at par, and the proceeds thereof to be used for the following purposes: (a) To pay a balance of \$19,140 due from the applicant to the Richmond, Fredericksburg & Potomac Railroad Company, and (b) to pay \$5,860 on account of indebtedness of the applicant to the United States Railroad Administration, as more particularly set forth in the aforesaid report.

It is further ordered, That said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, nor the proceeds thereof be used, except as herein authorized.

It is further ordered, That the applicant shall within 10 days thereafter, respectively, report to this Commission all pertinent facts relating (1) to the issue of said notes and the application of the proceeds thereof; and (2) to their payment or satisfaction; each of said reports to be in writing and signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1235.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI-ILLINOIS RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 9, 1921. Decided March 14, 1921.

Certificate issued authorizing the acquisition and operation of a line of railroad in Illinois and Missouri.

W. Frank Carter for the Missouri-Illinois Railroad Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Missouri-Illinois Railroad Company, a corporation organized for the purpose of engaging in interstate commerce, on February 15, 1921, filed an application for a certificate of public convenience and necessity authorizing it to acquire and operate a line of railroad formerly owned and operated by the Illinois Southern Railway Company. The applicant states that certain of its officers and directors desire to hold similar positions in the Mississippi River & Bonne Terre Railroad Company, and asks our approval thereof, pursuant to the provisions of paragraph (12) of section 20a of the interstate commerce act.

Upon receipt of the application, notice of the filing thereof was given to the governors of Illinois and Missouri, in which states the line of railroad in question is situated, and like notice was published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line extends. An urgent recommendation that the application be granted was filed by the authorities of each state affected, and the case was thereupon submitted upon the return to our questionnaire without formal hearing.

The line of railroad in question extends from Salem, Marion county, Ill., in a general southwesterly direction through the counties of Marion, Clinton, Washington, Perry, and Randolph, in Illinois, to the east bank of the Mississippi River, where trains are ferried across that river by steam barge; then through Ste. Genevieve and St. Francois counties, in Missouri, to Bismarck, Mo. This line, with its branches, covers a total distance of 133.41 miles, and was operated continuously for 20 years or more, up to about a year ago. At that

time the property was in the hands of a receiver, and operation thereof was discontinued by order of the court. In October, 1920, a decree of foreclosure was entered, directing the sale of the property, fixing no price, but reserving the right to reject all bids based on scrap value. At the sale the property was bid in by a representative of the bondholders for \$725,000, the next highest bid being \$700,000, which bid was made by junk dealers. The bid for the bondholders was also made on the basis of scrap value and with the intention of dismantling the property. Subsequently, however, certain interested shippers whose properties are located on the line and who are entirely dependent upon it for service, brought about the organization of the applicant and offered \$900,000 for the property, agreeing to operate it for at least 10 years, that stipulation being imposed by the court as a condition for confirming the sale. The applicant proposes to issue \$1,800,000 par value of common stock in exchange for the property and \$300,000 of bonds, the proceeds of the bonds to be used for additions and betterments only. Such bonds have already been subscribed for by interested shippers. The stock, except qualifying shares, will be owned by six corporations operating lead mines to be served by the line in question.

The region traversed by this line is well populated, and it reaches a number of communities which are not served by any other carrier. The chief industries in the territory to be served are farming, dairying, lumbering, and coal and lead mining, all of which are well established. The most important connection is with the Mississippi River & Bonne Terre Railroad near Bismarck, affording a direct route for the transportation of coal from southern Illinois to the lead mines in southeastern Missouri.

The applicant bases its prediction of successful operation chiefly on the advances in rates which have become effective since operation of the line was discontinued, and presents an estimate of probable income, based on available traffic, as follows:

Operating revenues.....	\$1, 118, 000
Operating expenses	856, 000
Net revenues	262, 000
Railway tax accruals.....	40, 000
Operating income.....	222, 000
Nonoperating income.....	3, 000
Gross income.....	225, 000
Deductions (hire of equipment).....	40, 000
Net income.....	185, 000

On the basis of the proposed capitalization of \$1,800,000 of stock and \$300,000 of bonds, this net income would provide a return of approximately 9 per cent, and would afford a return of over 15 per cent upon the actual investment of the applicant. The original cost

of construction of the line, however, is said to have been over \$7,000,000. The present value of the property, as well as the propriety of the proposed capitalization, are matters upon which we are not called upon to pass in this proceeding and we express no opinion with reference thereto. It is enough to say that the property is capable of affording a needed service, and we think, therefore, that the applicant should be given opportunity to render that service.

No evidence was presented on the question of whether any of the applicant's directors or officers should be permitted to hold similar positions in the corporate organization of the connecting carrier. We will not, therefore, attempt to pass upon that point in this proceeding, but will determine the question at a later time if appropriate application shall be made.

This is not a case where one carrier is seeking to take over the property of another which is now being operated, but a case where a newly organized company is seeking to acquire and operate property which has been abandoned for railroad purposes. Upon the facts presented we find that the present and future public convenience and necessity require the acquisition and operation of the line of railroad in question, as prayed for by the applicant. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the acquisition and operation by the Missouri-Illinois Railroad Company of the line of railroad formerly owned and operated by the Illinois Southern Railway Company, extending from Salem, Ill., to Bismarck, Mo.

It is ordered, That said Missouri-Illinois Railroad Company be, and it is hereby, authorized to acquire and operate said line of railroad.

It is further ordered, That said Missouri-Illinois Railroad Company when filing schedules establishing or adopting rates and fares on said line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1057.

IN THE MATTER OF THE APPLICATION OF THE FORT DODGE, DES MOINES & SOUTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted March 3, 1921. Decided March 17, 1921.

Application granted and loan of \$200,000 approved.

C. H. Crooks for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Fort Dodge, Des Moines & Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, herein-after referred to as the applicant, on February 11, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with additions and betterments to existing equipment. On March 3, 1921, the applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$200,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows: Additions and betterments to existing equipment; rebuilding 600 box cars, estimated cost, \$300,000; to be financed by applicant \$100,000, loan desired from United States \$200,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$400,000, principal amount, of applicant's first-mortgage 5 per cent gold bonds, due 1938.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide more freight-train cars, and thus properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

In consideration of the making of the loan, the applicant offers to finance part of the cost of the additions and betterments. The certificate will provide that the applicant shall meet its obligations in this regard, in default of which the entire loan shall become due and payable.

An appropriate certificate will be issued.

Certificate No. 78 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$200,000 by the United States to the Fort Dodge, Des Moines & Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in making additions and betterments to existing equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$200,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$400,000, principal amount, of applicant's first-mortgage 5 per cent gold bonds, due 1938, issued under an indenture of mortgage, dated September 1, 1915, executed by the applicant to the Old Colony Trust Company, of Boston, Mass., as trustee. Said bonds are in definitive coupon form, having coupon due June 1, 1921, and subsequent coupons attached, are in denominations of \$1,000 and are numbered 5701 to 6100, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 12th day of March, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys fees, and any and all other expenses in connection with said loan; (2) so long as said loan remains unpaid, the total principal amount of applicant's first-mortgage 5 per cent gold bonds, due 1938, at any time issued and outstanding shall not exceed \$6,100,000, and applicant shall not

issue or pledge or enter into any obligations to issue or pledge, and shall not otherwise dispose of any greater principal amount of said bonds, unless and until the consent of the Commission thereunto shall first have been obtained; (3) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for electric roads in effect at the time the expenditures may be made; and (4) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 17th day of March, 1921.

FINANCE DOCKET No. 1169.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURG & SHAWMUT RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY AS INDORSER IN RESPECT OF CERTAIN NOTES AND TO PLEDGE NOTES AND BONDS.

Submitted February 21, 1921. Decided March 17, 1921.

Authority granted (1) to assume obligation or liability, as indorser, in respect of certain promissory notes aggregating \$1,110,975.50; and (2) to pledge said notes, together with \$1,000,000 of first-mortgage 5 per cent bonds, heretofore issued, as security for a collateral note of \$1,500,000.

Edwin E. Tait for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pittsburg & Shawmut Railroad Company, a common carrier by railroad engaged in interstate commerce, executed under date of February 27, 1920, its collateral note for \$1,500,000, payable to Edward F. Searles and due March 1, 1921. Subsequent to the effective date of section 20a of the interstate commerce act, the applicant was required to withdraw the collateral originally pledged with the payee to secure the note and to substitute other collateral, and it accordingly now seeks authority under section 20a (1) to assume obligation or liability, as indorser, in respect of a demand note in the amount of \$510,887.50, made by the receiver of the Pittsburg, Shawmut & Northern Railroad Company, and a demand note in the amount of \$600,588 made by the Allegheny River Mining Company, in favor of the applicant, and (2) to pledge such notes, together with \$1,000,000 of first-mortgage 5 per cent bonds, heretofore issued by the applicant, as such substitute collateral.

As a result of negotiations with the owner thereof, the collateral note was neither paid nor renewed at maturity, but will be carried as past-due paper pending arrangements for final settlement of the indebtedness thereby evidenced. It is therefore desirable that the notes and bonds mentioned above be meanwhile pledged in accordance with the agreement between the parties.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for

that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Pennsylvania, the only state in which applicant operates. No objection to the granting of the application has been offered by the Public Service Commission or other authority of that state.

We find that the proposed assumption of obligation or liability, as indorser, in respect of the aforesaid promissory notes, and the proposed pledge of said notes, together with \$1,000,000 of its first-mortgage 5 per cent bonds, by the applicant, as aforesaid (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Pittsburgh & Shawmut Railroad Company be, and it is hereby, authorized (1) to assume obligation or liability, as indorser, in respect of (a) a demand note in the face amount of \$510,387.50 made by the receiver of the Pittsburgh, Shawmut & Northern Railroad Company to the order of the applicant under date of October 1, 1914, and bearing interest at the rate of 5 per cent per annum, and (b) a demand note in the face amount of \$600,588 made by the Allegheny River Mining Company to the order of the applicant under date of July 1, 1913, and bearing interest at the rate of 6 per cent per annum; and (2) to pledge (a) said demand notes indorsed as aforesaid, and (b) \$1,000,000 of its first-mortgage 5 per cent bonds as security for the payment of the principal and interest of a certain collateral note for \$1,500,000, issued by the applicant under date of February 27, 1920, and payable to the order of Edward F. Searles on March 1, 1921, but which has not been paid, renewed, or otherwise satisfied.

It is further ordered, That, except as herein authorized, said notes and bonds shall not be sold, pledged, replighted, or otherwise disposed of by the applicant unless and until authorized by the future order of this Commission.

It is further ordered, That the applicant shall report to the Commission within 10 days thereafter, all pertinent facts relating (1) to the indorsement of said notes and pledge of said securities as herein authorized, and (2) to the release from pledge of said securities; such report to be in writing, signed, and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said securities, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1246.

IN THE MATTER OF THE APPLICATION OF THE WHEEL-
ING & LAKE ERIE RAILWAY COMPANY FOR AUTHOR-
ITY TO PLEDGE SECURITIES AS COLLATERAL FOR
NOTES.

Submitted February 19, 1921. Decided March 17, 1921.

Commission can not issue general authority requested. Application denied.
Squire, Sanders & Dempsey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wheeling & Lake Erie Railway Company has applied for authority under section 20a of the interstate commerce act to pledge, from time to time, any bonds, stocks, or other securities of any and every character and description which are now or may hereafter be held in its treasury, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of that act without our authorization therefor having first been obtained.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application a copy thereof was filed with the governors of Ohio and West Virginia, the only states in which the applicant operates. No objections have been made on behalf of those states.

The applicant states that authority for the pledging of securities is necessary to enable it to negotiate short-term loans for the purpose of obtaining funds for the construction of additions and betterments, for the acquisition of property, and for the payment of fixed charges and operating expenses. The record does not disclose that the applicant has any of its securities in its treasury available for pledge.

We are required to make investigation of securities before authorizing their issue, and we can not with propriety issue general authority of the nature contemplated in this application. It therefore follows that the application must be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the application of the Wheeling & Lake Erie Railway Company for authority to pledge, from time to time, any bonds, stocks, or other securities of any and every character and description which are now or may hereafter be held in its treasury, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without authorization by this Commission therefor having first been obtained, be, and it is hereby, denied.

67 I. C. C.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted March 17, 1921. Decided March 22, 1921.

Application granted in part and loan of \$1,451,500 approved.

S. Davies Warfield and Forney Johnston for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On March 1, 1921, we issued our report and certificate No. 75 to the Secretary of the Treasury for a loan of \$1,173,500 to the Seaboard Air Line Railway Company, hereinafter referred to as the applicant, upon the applicant's application of February 8, 1921, in which the applicant sets forth:

1. That the amount of the loan desired is \$3,679,678.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to meet its maturing indebtedness and to provide itself with additions and betterments, as follows:

		Loan desired.
Maturing indebtedness	\$1, 928, 753	\$1, 928, 753
Additions and betterments to equipment and to way and structures	1, 750, 925	1, 750, 925
Total	3, 679, 678	3, 679, 678

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's preferred and common capital stock, its first and consolidated mortgage series-A 6 per cent gold bonds, due 1945, stocks and bonds of other companies owned by the applicant, and United States government liberty loan bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant efficiently to operate its property with the result that interruptions and congestions in traffic will be relieved.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of a further loan to the applicant by the United States, for the purposes and in the amounts hereinbelow set forth:

Purposes.	Estimated cost or principal amount.	Financed by applicant.	Loan by United States.
Maturing indebtedness consisting of equipment-trust notes, as follows:			
Series S, due June 1, 1921.....	\$18,816		
Interest due June 1, 1921.....	7,903		
Series G, due July 1, 1921.....	72,000		
Interest due July 1, 1921.....	12,600		
Series R, due July 1, 1921.....	26,000		
Interest due July 1, 1921.....	6,323		
Series O, due July 15, 1921.....	103,000		
Interest due July 15, 1921.....	6,952		
Series N, due Aug. 15, 1921.....	75,000		
Interest due Aug. 15, 1921.....	1,688		
Series P, due Aug. 15, 1921.....	95,000		
Interest due Aug. 15, 1921.....	11,875		
Series S, due Dec. 1, 1921.....	18,816		
Interest due Dec. 1, 1921.....	7,338		
Series Q, due Jan. 1, 1922.....	72,000		
Interest due Jan. 1, 1922.....	10,800		
Series R, due Jan. 1, 1922.....	25,000		
Interest due Jan. 1, 1922.....	5,737		
	576,848	\$348	\$576,500
Additions and betterments to road and equipment as set forth in detail in letter of applicant's president, dated March 17, 1921.....	875,000		875,000
Total.....	1,451,848	348	1,451,500

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

One of the conditions of the loan will be that, in event we shall so direct, all of the applicant's net income at the end of each calendar year shall be applied to the repayment of the loan until there shall have been so applied an amount equivalent to the amount of maturing interest to be financed from the proceeds of the loan and hereinabove set forth, namely, \$71,216, and the applicant shall report

to us from time to time any such net income available for said repayment.

A further condition of the loan will be that the applicant shall furnish us monthly statements of expenditures made from the proceeds of the loan.

A further condition of the loan will be that the entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922.

A further condition of the loan will be that any amounts received by the applicant on account of just compensation accrued during federal control or under any provisions of the federal control act, and any amounts certified by us for the applicant under the provisions of section 209 of the transportation act, 1920, as amended, shall, in event we shall so direct, be applied to the liquidation of this loan and any loans heretofore or hereafter made to the applicant pursuant to section 210 of the transportation act, 1920, as amended, and the applicant shall report to us when and as any such amounts are received by it.

A further condition of the loan will be that whenever the applicant shall draw down, or shall become entitled to draw down, by reason of expenditures made from the proceeds of the loan, any bonds or other securities under any mortgage or other instrument, or otherwise, such bonds or other securities shall forthwith be delivered, or be drawn down and delivered, to the Secretary of the Treasury as additional collateral security for said loan and any and all other loans heretofore or hereafter made to the applicant pursuant to section 210 of the transportation act, 1920, as amended.

An appropriate certificate will be issued.

DANIELS, *Commissioner*, dissents.

Certificate No. 79 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,451,500, in five parts as hereinafter set forth, by the United States to the Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness and to

provide itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,451,500.

4. That the time from the making thereof within which each part of the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in five parts in the order hereinbelow set forth: (1) The first part of the loan shall be in respect of additions and betterments, in the amount of \$500,000, and shall be made as soon as practicable after the date of this certificate; (2) the second part of the loan shall be in respect of maturing indebtedness, in the amount of \$143,500, and shall be made on or after June 15, 1921; (3) the third part of the loan shall be in respect of maturing indebtedness, in the amount of \$293,500, and shall be made on or after August 1, 1921; (4) the fourth part of the loan shall be in respect of additions and betterments, in the amount of \$375,000, and shall be made on or after September 1, 1921; and (5) the fifth part of the loan shall be in respect of maturing indebtedness, in the amount of \$139,500, and shall be made on or after December 15, 1921.

(b) The entire loan shall be secured in the same manner and to the same extent as the loan of \$1,173,500 evidenced by certificate No. 75, of March 1, 1921, to the Secretary of the Treasury, the security prescribed by said certificate No. 75 affording, in the opinion of the Commission, together with the prospective earning power of the applicant, reasonable assurance of the repayment of both of said loans.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any portion of the loan before maturity. When and as repayment of any part of the loan is made, the collateral security shall be released pursuant to the provisions of said certificate No. 75, of March 1, 1921.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans, or parts of loans.

(f) The applicant has agreed in an instrument in writing, dated the 23d day of March, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; (2) applicant shall furnish the Commission at the end of each calendar month a detailed statement of any and all expenditures made from the proceeds of said loan until the entire proceeds thereof have been expended. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922; and (3) as soon as applicant's books or accounts for each calendar year shall be closed applicant shall report to the Commission the amount of applicant's net income for such calendar year, to be determined in accordance with the Commission's accounting classification for steam roads for such year. Until the sum of \$71,216 shall have been paid upon the principal of said loan, the Commission at any time within 30 days after the receipt of such report may, by written demand, require applicant to apply in repayment of said loan a sum equal to the entire amount of such net income, or any part thereof and applicant covenants and agrees forthwith to comply with said demand. In determining net income for the purpose of this section, applicant shall be governed by the terms and conditions of an instrument, dated the 29th day of February, 1921, referred to in and made a part of said certificate No. 75, of March 1, 1921, to the Secretary of the Treasury. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the

loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 25th day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 962.

RECEIVERS OF THE GEORGIA & FLORIDA RAILWAY FOR
IN THE MATTER OF THE APPLICATION OF THE RE-
A LOAN FROM THE UNITED STATES TO MEET MATUR-
ING INDEBTEDNESS AND TO AID THE MAKING OF
ADDITIONS AND BETTERMENTS.

Submitted March 9, 1921. Decided March 23, 1921.

Application granted and loan of \$800,000 approved.

Wm. H. Barrett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

W. R. Sullivan, L. M. Williams, and J. F. Lewis, as receivers of the Georgia & Florida Railway, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receivers, on October 7, 1920, made application to us for a loan from the United States, in accordance with section 210 of the transportation act, 1920, as amended, to enable them to meet their maturing indebtedness, and to aid in providing themselves with additions and betterments, and on October 25, November 11, and November 30, 1920, and February 3, 1921, supplemented and amended the application.

In the application, as supplemented and amended, the receivers set forth:

1. That the amount of the loan desired is \$800,000.
2. That the term for which the loan is desired is three years from January 31, 1921.
3. That the purposes of the loan and the uses to which it will be applied are to meet maturing indebtedness and aid in making additions and betterments as follows:

Purposes.	Estimated cost.	Financed by receivers.	Loan by United States.
Maturing indebtedness: Receivers' certificates maturing Jan. 31, 1921, with interest thereon for six months at the rate of 8 per cent per annum.....	\$728,000	.....	\$728,000
Additions and betterments: Revisions of road, Augusta to Keyville and beyond, and purchase of new rail.....	400,000	\$328,000	72,000
Total.....	1,128,000	328,000	800,000

4. Their present and prospective ability to repay the loan and to meet their obligations in regard thereto.

5. That the security offered is receivers' certificates constituting a lien upon the property and net income of the receivers, subordinate to \$812,000 of underlying bonds.

6. That the extent to which the public convenience and necessity will be served by the loan is that by maintaining credit the receivers will be enabled to prevent abandonment of the road, and that by making the contemplated improvements they will be enabled more efficiently to meet the transportation demands upon them.

The application was accompanied by statements showing such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the property in the control of the receivers, together with such other facts in relation to the propriety and expediency of granting the loan applied for, and the ability of the receivers to make good their obligation, as we deemed pertinent to the inquiry.

The receivers have proposed to dispose of \$800,000 of receivers' certificates at par to aid in maintaining their credit and continuing the operation of the property in their custody and to finance part of the estimated cost of additions and betterments to be made; so that in effect they will provide one dollar for each dollar of loan requested to further the aforesaid purposes.

After investigation we find that the making of the proposed loan by the United States for the purposes and in the amounts hereinbefore set forth is necessary in order to enable the receivers properly to meet the transportation needs of the public; that the prospective earning power of the receivers, and the character and value of the security offered, afford reasonable assurance of their ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the receivers are unable to provide themselves with funds necessary for the aforesaid purposes from other sources.

The certificate will provide that no part of the loan shall be obtained by the receivers until arrangements for the disposition of the receivers' certificates have been completed; and that the entire loan for additions and betterments, together with the entire amount to be financed by the receivers for said purposes, shall have been expended or definitely obligated for such purposes or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922.

An appropriate certificate will be issued.

DANIELS, *Commissioner*, dissents.

Certificate No. 77 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$800,000 in two parts, as hereinafter set forth, by the United States to W. R. Sullivan, L. M. Williams, and J. F. Lewis, receivers of the Georgia & Florida Railway, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receivers, for the purpose of meeting their maturing indebtedness and aiding them in providing themselves with additions and betterments to way and structures, is necessary to enable the receivers properly to meet the transportation needs of the public.

2. That the prospective earning power of the receivers and the character and value of the security offered are such as to furnish reasonable assurance of the receivers' ability to repay the loan within the time fixed therefor and to meet their other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$800,000.

4. That the time from the making thereof within which the loan is to be repaid in full is three years from January 31, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made on or before December 31, 1921, in two parts, as follows: (1) One part of the loan shall be in respect of additions and betterments, shall be in the amount of \$72,000, and shall be secured by the pledge of a principal amount of receivers' certificates of indebtedness equivalent to the amount of this part of the loan; and (2) one part of the loan shall be in respect of maturing indebtedness, shall be in the amount of \$728,000, shall be made in not more than four installments, and shall be secured when and as said installments are made, by the pledge of a principal amount of receivers' certificates of indebtedness equivalent respectively to the amounts of said installments. When and as the said installments are made there shall be deposited with the Secretary of the Treasury, as muniments of title, a proportionate amount of \$700,000, principal amount, of an issue of receivers' certificates, dated January 31, 1920, and matured January 31, 1921. Said matured receivers' certificates when deposited shall have written or stamped upon their face the following legend:

Paid:

W. R. Sullivan,

L. M. Williams,

J. F. Lewis,

Receivers, Georgia and Florida Railway.

(b) The receivers' certificates of indebtedness to be pledged as security for the loan, as required by subparagraph (a) of paragraph 5 hereof shall be substantially in the form set forth in a certain decree of the superior court of Richmond county, Ga., dated the 25th day of January, 1921, and entered of record in the case entitled *Baltimore Trust Company (Richmond Trust Company, successor) v. Georgia and Florida Railway*.

(c) No part of the loan shall be made unless and until the Commission certifies to the Secretary of the Treasury that the receivers have fully complied with the conditions contained in paragraph 5, subparagraph (g), subdivision (4) of this certificate.

(d) So long as the receivers shall not be in default on any obligation evidencing the loan they shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the receivers shall not be in default, collect such income, but shall remit to the receivers all of the same paid to him, and shall surrender to the receivers all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(e) The receivers may repay all or any portion of the loan before maturity. The collateral security shall be released proportionately as portions of the loan are repaid.

(f) The receivers shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the receivers to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any or all such loans.

(g) The receivers have agreed in an instrument in writing, dated the 5th day of March, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the receivers in connection with the loan shall be so financed that the costs to the receivers of any loan secured from sources other than the United States shall not exceed 8 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time

the expenditures may be made; (3) the receivers shall furnish the Commission, on or about July 1, 1921, and January 1, 1922, the detailed certificate, under oath of their chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922; and (4) the receivers, within 90 days after the certification to the Secretary of the Treasury of the aforesaid loan shall have sold or otherwise disposed of or shall have entered into contracts for the sale or other disposition of \$800,000 of receivers' certificates heretofore authorized by decree of the superior court of Richmond county, Ga., dated January 25, 1921, entered of record in the case entitled *Baltimore Trust Company (Richmond Trust Company, successor) v. Georgia and Florida Railway*, and within said 90 days shall cause the Merchants Bank in the city of Augusta, Ga., as the receivers' depository and clearing agent, to certify to the Interstate Commerce Commission that said receivers' certificates have been sold or otherwise disposed of or validly subscribed for, as follows: (a) through the acceptance of an amount of said certificates not exceeding \$200,000 by creditors of the receivers in discharge of claims payable by the receivers prior to January 31, 1921, such claims not being represented by certificates heretofore issued; (b) through subscriptions by the holders of certificates of the receivers dated January 31, 1920, and matured January 31, 1921, accompanied by deposit with said Merchants Bank for payment of said matured certificates; and (c) through subscriptions paid in cash, or by negotiable instruments accepted by said Merchants Bank as cash. In event the Commission shall certify to the Secretary of the Treasury that the receivers have failed well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the receivers, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the receivers' ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the receivers, in the opinion of the Commission, are unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 24th day of March, 1921.

FINANCE DOCKET No. 1055.

IN THE MATTER OF THE APPLICATION OF THE FLEMINGSBURG & NORTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted March 22, 1921. Decided March 23, 1921.

Application granted in part and loan of \$7,250 approved.

S. S. Bush for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Flemingsburg & Northern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 31, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$10,000.
2. That the term for which the loan is desired is three years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Purposes.	Principal amount.	Financed by applicant.	Loan from United States.
National Bank of Kentucky, note due March 2, 1921.....	\$2,250.00	.....	.....
The Peoples Bank of Fleming County, notes due May 6, 1921, \$3,000, and note due Feb. 18, 1921, \$2,000.....	5,000.00	.....	.....
Louisville & Nashville Railroad Company.....	2,490.75	.....	.....
Pay rolls, materials, and supplies.....	1,577.98	.....	.....
Total.....	11,318.73	\$1,318.73	\$10,000.00

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is Cincinnati, Flemingsburg & Southeastern Railroad Company's first-mortgage 20-year 5 per cent gold bonds, due 1925 \$15,000, principal amount.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and thus properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in amounts as follows:

Purposes.	Principal amount.	Financed by applicant.	Loan by United States.
National Bank of Kentucky, note due Mar. 2, 1921.....	\$2, 250	.....	\$2, 250
The Peoples Bank of Fleming County:			
Note due May 6, 1921.....	3, 000	.....	3, 000
Note due Feb. 18, 1921.....	2, 000	.....	2, 000
Total.....	7, 250	.....	7, 250

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 84 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$7,250 by the United States to the Flemingsburg & Northern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$7,250.

4. That the time from the making thereof within which the loan is to be repaid in full is three years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$15,000, principal amount, of Cincinnati, Flemingsburg & Southeastern Railroad Company's first-mortgage 20-year 5 per cent gold bonds, due 1925, issued under an indenture of mortgage, dated June 1, 1905, executed by the Cincinnati, Flemingsburg & Southeastern Railroad Company to the Columbia Finance & Trust Company, as trustee. Said bonds are in definitive coupon form, having coupon due June 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1 to 15, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidenc-

ing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 4th day of April, 1921.

67 I. C. C.

FINANCE DOCKET No. 1202.

IN THE MATTER OF THE APPLICATION OF THE
BALTIMORE & OHIO RAILROAD COMPANY FOR AU-
THORITY TO PLEDGE BONDS AS SECURITY FOR
SHORT-TERM NOTES.

Approved March 23, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SECOND SUPPLEMENTAL ORDER.

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the Commission's order of February 1, 1921, as modified by its order of February 14, 1921, be, and it is hereby, further modified, to provide that the ratio of the Toledo-Cincinnati division first-lien and refunding mortgage 5 per cent bonds, series B; the refunding and general mortgage 5 per cent bonds, series A; and the refunding and general mortgage 6 per cent bonds, series B, to the notes for which said bonds have heretofore been authorized to be pledged or repledged as collateral security, shall be as follows:

Not exceeding \$125 of value in bonds at their prevailing market value at the time of such pledge or repledge for each \$100 of notes.

And it is further ordered, That, except as herein modified, said order of February 1, 1921, shall remain in full force and effect until otherwise ordered.

67 I. C. C.

FINANCE DOCKET No. 1224.

IN THE MATTER OF THE APPLICATION OF THE RECEIVERS OF THE GEORGIA & FLORIDA RAILWAY FOR AUTHORITY TO ISSUE CERTIFICATES OF INDEBTEDNESS.

Submitted February 4, 1921. Decided March 23, 1921.

Authority granted:

1. To issue \$1,600,000 of receivers' certificates, bearing interest at the rate of 8 per cent per annum, to be dated January 31, 1921, and to mature January 31, 1924; one-half of the principal amount of said certificates to be designated series A and one-half to be designated series B.
2. To pledge said series-A certificates, in the amount of \$800,000, with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended.
3. To sell \$600,000 of said series-B certificates at par.
4. To distribute \$200,000 of said series-B certificates as payments on account pro rata of the uncertificated indebtedness of the receivers incurred prior to January 1, 1921.

William H. Barrett for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

W. R. Sullivan, L. M. Williams, and J. F. Lewis, receivers of the Georgia & Florida Railway duly appointed by the superior court of Richmond county, Ga., in May, 1915, acting as a common carrier by railroad engaged in interstate commerce, seek authority under section 20a of the interstate commerce act (1) to issue under date of January 31, 1921, \$1,600,000 of their certificates of indebtedness, bearing interest at the rate of 8 per cent per annum, and maturing January 31, 1924, one-half of the aggregate amount of said certificates to be designated series A and one-half to be designated series B; (2) to pledge \$800,000 of said receivers' certificates, series A, with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended; (3) to sell \$600,000 of said series-B certificates at par; and (4) to distribute \$200,000 of said series-B certificates as payments on account pro rata of the uncertificated indebtedness of the receivers incurred prior to January 1, 1921.

We have heretofore approved a loan to the applicants from the United States, under section 210 of the transportation act, 1920, as amended, in the sum of \$800,000, on condition that the applicants borrow a like amount from the public, on such terms that the cost to the applicants will not exceed 8 per cent per annum. It is further provided in our certificate that the loan from the United States shall be secured by the pledge with the Secretary of the Treasury of receivers' certificates in the principal amount of \$800,000, bearing interest at the rate of 8 per cent per annum, and to be designated series A, and that the certificates to be sold to the public shall be designated series B. The two series are to be coequal as to rights and privileges, and will be a first lien and claim upon all the property in the hands of the applicants, with the exception of the property covered by the following outstanding bonds: Millen & Southwestern Railroad, \$212,000, Georgia & Florida Terminal Company, \$200,000, and Augusta Southern Railroad, \$400,000. These properties were acquired subject to the liens of the outstanding bonds, and these bonds can not be superseded by receivers' certificates.

The applicants propose to devote the proceeds of the loan from the United States to the following purposes:

To retire all outstanding receivers' certificates maturing January 31, 1921.....	\$700,000
Interest on receivers' certificates maturing January 31, 1921.....	28,000
To provide for a portion of the revision of the railroad from Augusta, Ga., to Keysville, Ga., and shortly beyond, and for the purchase of heavier rails to be laid on said line of road, representing additions and betterments	72,000
Total.....	800,000

The proceeds of the receivers' certificates, series B, to be sold to the public, will be used as follows:

Payment of balance necessary for the revision of the railroad from Augusta, Ga., to Keysville, Ga., and shortly beyond, and for the purchase and laying of heavier rails.....	\$328,000
Payment on account pro rata of the uncertificated indebtedness of the receivers, incurred prior to January 1, 1921.....	200,000
To provide a working capital which shall not be available for the payment of any debt or liability incurred or existing prior to January 1, 1921, except by specific order of the court.....	272,000
Total.....	800,000

Arrangements will be made to dispose of the series-B certificates in the following manner: The holders of the receivers' certificates maturing January 31, 1921, will be asked to subscribe for 80 per cent of the principal amount of the certificates now held by them, such subscriptions amounting to \$560,000; \$200,000 of certificates will be

distributed among the present uncertificated creditors of the receivers, and \$40,000 of certificates will be sold for cash at par. There will be no expense attached to the disposition of any of these certificates.

Authority for the proposed issue of certificates, and for the disposition thereof as requested in the application, is contained in an order of the superior court of Richmond county, Ga., dated January 25, 1921, which order was confirmed by the circuit court of the third judicial circuit of the state of Florida on January 28, 1921. Consent to the granting of this order has been given by the committee of the holders of \$6,452,000 of the railway company's first-mortgage 5 per cent gold bonds, due August 15, 1957, by the trustees under the mortgage securing such bonds; and by the trustees under the mortgage securing the railway company's general-mortgage 6 per cent 20-year gold bonds, due February 1, 1932, of which \$2,000,000 are now outstanding. There is no bondholders' committee of the latter issue. These two issues constitute all outstanding bonds, the lien of which becomes secondary to the lien of the proposed receivers' certificates.

The application was made under oath, signed, and filed by the receivers in accordance with authority conferred on them by an order of the aforesaid superior court entered on January 25, 1921. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicants operate. No objection to the granting of the application has been offered by any state authority.

We find that (1) the proposed issue of \$1,600,000 of receivers' certificates to be dated January 31, 1921, \$800,000 to be designated series A, and \$800,000 to be designated series B, both series to bear interest at the rate of 8 per cent per annum and to mature January 31, 1924; (2) the pledge of \$800,000 of said receivers' certificates, series A, with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended, and (3) the sale of \$600,000 of said receivers' certificates, series B, at par, and the distribution of \$200,000 of series-B certificates as payment on account pro rata of the uncertificated indebtedness of the receivers incurred prior to January 1, 1921, (a) are for lawful objects within the duly authorized purposes of the applicants and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as a common carrier, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That W. R. Sullivan, L. M. Williams, and J. F. Lewis, receivers of the Georgia & Florida Railway, be, and they are hereby, authorized (1) to issue \$1,600,000 of receivers' certificates, to be dated January 31, 1921, of which \$800,000 shall be designated series A, and \$800,000 shall be designated series B; such certificates to bear interest at the rate of 8 per cent per annum, payable quarterly, to mature January 31, 1924, to be payable to bearer and to be substantially in the form submitted with the application; (2) to pledge \$800,000 of said receivers' certificates, series A, with the Secretary of the Treasury as security for a loan in the sum of \$800,000 from the United States under section 210 of the transportation act, 1920, as amended; (3) to sell \$600,000 of said receivers' certificates, series B, at par; and (4) to distribute \$200,000 of said receivers' certificates, series B, as payment on account pro rata of uncertificated indebtedness of the receivers incurred prior to January 1, 1921.

It is further ordered, That, except as herein authorized, said receivers' certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicants, unless and until otherwise ordered by this Commission.

It is further ordered, That the applicants report to the Commission within 10 days thereafter all pertinent facts in connection with (1) the issue of said receivers' certificates, (2) the pledge, sale, and distribution thereof, and (3) the release from pledge and satisfaction of such certificates,

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said receivers' certificates, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1244.

IN THE MATTER OF THE APPLICATION OF THE ERIE
RAILROAD COMPANY FOR AUTHORITY TO ASSUME,
AS GUARANTOR, LIABILITY IN RESPECT TO EQUIP-
MENT-TRUST CERTIFICATES.

Submitted February 26, 1921. Decided March 23, 1921.

Authority granted to assume obligation or liability in respect to \$4,370,000 of equipment-trust certificates, to be issued under an agreement of assignment of lease by the United States Mortgage & Trust Company, trustee, by guaranteeing the prompt payment of the principal thereof and of semi-annual dividends thereon.

Terms and conditions prescribed.

George F. Brownell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to assume obligation or liability in respect to \$4,600,000 of equipment-trust certificates, to be issued under an agreement of assignment of lease, by guaranteeing the prompt payment of the principal thereof and of the dividends thereon. Copies of said agreement, containing forms of the certificates, dividend warrants and guaranties, and of the lease thereby assigned, were filed with the application.

In order that it might adequately handle traffic upon its railroad, the applicant, prior to June 28, 1920, entered into a lease with the Standard Steel Car Company, hereinafter called the car company, which thereby leased to the applicant certain equipment to be constructed by the car company at estimated costs, as follows:

1,000 all-steel gondola cars, numbered from 53000 to 53999, inclusive.....	\$2, 357, 500. 00
1,000 steel-underframe box cars, numbered from 93000 to 93999, inclusive.....	2, 439, 000. 00
42 all-steel passenger cars, numbered from 2025 to 2060, inclusive.....	889, 562. 10
6 all-steel combination passenger and baggage cars, numbered from 804 to 809, inclusive.....	127, 046. 70
Total estimated cost.....	5, 813, 108. 80

67 I. C. C.

Thereafter and prior to June 28, 1920, the car company, the United States Mortgage & Trust Company, trustee, and the applicant entered into an agreement of assignment of lease, whereby the car company assigned the lease and transferred the equipment to the trustee in trust for the holders of \$4,600,000 of equipment-trust certificates, for the issuance of which by the trustee, under date of May 1, 1920, provision was thereby made. The car company is to accept said certificates at par in payment of a portion of the cost of the equipment. As rental for the equipment, the applicant will pay to the car company in cash the balance of such cost, not exceeding \$1,213,108.80, and to the trustee sums sufficient to pay and discharge the principal of said certificates and dividends thereon, as and when the same shall become due and payable, and certain taxes and other customary charges. The equipment will be delivered to the applicant and remain in its possession as lessee, but title thereto will be vested in the trustee until such rental shall have been paid in full, whereupon and upon the payment to it of \$1 by the applicant, the trustee will transfer the equipment to the applicant.

The agreement provides that each certificate shall entitle the bearer or registered owner thereof to a share of \$1,000 in the trust; that there shall be attached thereto warrants evidencing the right of the bearer thereof to semiannual dividends of \$30 on each such share, payable on the 1st day of November and of May in each year, commencing with November 1, 1920, and ending with the designated date of maturity; and that certificates to the amount of \$230,000 shall mature on each dividend date beginning with November 1, 1920, and ending with May 1, 1930.

The applicant agreed to indorse upon each certificate its guaranty of the prompt payment of the principal thereof and of the dividends thereon. The Public Service Commission, Second District, State of New York, by order dated June 10, 1920, authorized the applicant to execute and deliver the lease and agreement and to indorse the proposed guaranty on each certificate. On or before June 26, 1920, the trustee executed the certificates and the applicant indorsed its guaranty upon each of them and deposited them with the trustee; but none of the certificates were delivered to the car company prior to June 28, 1920.

Before any certificates are delivered to the car company, the trustee will detach therefrom and cancel the warrants representing dividends on such certificates from May 1, 1920, to the date of delivery, any balance due either way to be adjusted in cash, and the applicant to be credited with the amount represented by the warrants detached and canceled.

The application was filed on February 19, 1921, subsequent to the date when, under the terms of the agreement, the first \$280,000 lot of certificates was to mature. Therefore, the proposed assumption in respect of that lot of certificates will not be authorized. It does not appear to be necessary to issue the same, as the principal amount, which it was intended to secure thereby, may be paid in cash.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates or in which it is authorized to do business. No objection to the granting of the application has been offered by any state authority.

We find that the proposed assumption by the applicant of obligation and liability, as guarantor, in respect of \$4,370,000 of said equipment-trust certificates (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Erie Railroad Company be, and it is hereby, authorized to assume obligation and liability in respect to \$4,370,000 of certificates of the Erie Railroad equipment trust, series FF, by guaranteeing payment of the principal of said certificates and of the dividends thereon, when and as the same shall become due and payable, for the purpose of acquiring possession and use of, and ultimately title to, certain equipment described in the application; said certificates to be issued by the United States Mortgage & Trust Company, trustee, under and pursuant to the terms of an agreement of assignment of lease between the Standard Steel Car Company, said trustee, and the applicant, dated April 30, 1920, creating said trust, to the Standard Steel Car Company, and accepted by it, at par, in payment of a portion of the cost

of said equipment; each certificate to entitle the bearer or registered owner thereof to a share of \$1,000 in said trust and to semiannual dividends of \$30 on each such share; said certificates, the dividend warrants thereto attached, and said guaranties to be substantially in the respective forms set forth in the agreement; and the certificates to be dated and to mature, and the dividends to become due and payable, as outlined in the aforesaid report; *provided, however,* that none of said certificates be issued, sold, pledged, repledged, or otherwise disposed of except in the manner and for the purpose specified in this order.

It is further ordered, That within 30 days after May 1, 1921, and after the close of each period of six months thereafter, the applicant shall report to this Commission in writing all pertinent facts concerning the delivery of said equipment, the issue and delivery of said certificates, the payment of the rentals prescribed by the lease assigned by said agreement, and the payment and discharge of said certificates; these reports to be made periodically as herein required until all of said certificates shall have been retired, and each report to be signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States either as to said certificates, or the dividends thereon, or as to any assumption of obligation or liability in respect thereof by the applicant.

FINANCE DOCKET No. 58.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE BONDS AND OTHER SECURITIES.

Approved March 25, 1921.

Forney Johnston for applicant.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the Seaboard Air Line Railway Company be, and it is hereby, authorized (1) to pledge not exceeding \$600,000, principal amount, of its first and consolidated mortgage gold bonds, series A, as security for its promissory note in the face amount of \$250,000, to be issued under date of March 15, 1921, payable 90 days after date, to the Guaranty Trust Company of New York, or order, with interest at the rate of 7 per cent per annum; said note to be issued solely for the purpose of renewing a promissory note for like face amount which matured on March 15, 1921; and from time to time, within a period of not exceeding two years thereafter, to repledge said bonds as security for notes which may be issued in renewal of said note; (2) to pledge not exceeding \$600,000, principal amount, of its first and consolidated mortgage gold bonds, series A, as security for its promissory note in the face amount of \$250,000, to be issued under date of March 15, 1921, payable 90 days after date, to the order of the National City Bank of New York, with interest at the rate of 7 per cent per annum; said note to be issued solely for the purpose of renewing a promissory note for a like face amount which matured March 15, 1921; and from time to time, within a period of not exceeding two years thereafter, to repledge said bonds as security for notes which may be issued in renewal of said note; and (3) to pledge not exceeding \$300,000, principal amount, of its first and consolidated mortgage gold bonds, series A, as security for its promissory note in the face amount of \$125,000, to be issued under date of March 15, 1921, payable 90 days after date, to the Chase National Bank of the City of New York, or order, with interest at

the rate of 7 per cent per annum; said note to be issued solely for the purpose of renewing a promissory note for a like face amount which matured March 15, 1921, and from time to time, within a period of not exceeding two years thereafter, to repledge said bonds as security for notes which may be issued in renewal of said note.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this Commission all pertinent facts relating (1) to the pledge of bonds as herein authorized and (2) to the release from pledge of said bonds, said reports to be in writing, signed, and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 990.

THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted March 11, 1921. Decided March 26, 1921.

Application granted in part and loan of \$1,382,000 for maturing indebtedness approved.

I. L. Bell for applicant.

REPORT OF THE COMMISSION.

VISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

DIVISION 4:

The Minneapolis & St. Louis Railroad Company, a carrier by road subject to the interstate commerce act, hereinafter referred as the applicant, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting maturing indebtedness and in providing itself with new equipment and additions and betterments to way and structures. On June 19, 1920, November 14, 1920, and February 17, 1921, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$4,398,500.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness and in providing itself with new equipment and other additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Indebtedness:			
Pacific extension 6 per cent gold bonds dated June 1, 1881, maturing Apr. 1, 1921.....	\$1,382,000		\$1,382,000
Equipment:			
15 freight locomotives at \$64,365 each.....	965,475		
300 box cars at \$3,000 each.....	1,500,000		
500 open-top cars at \$2,800 each.....	1,400,000		
200 refrigerator cars at \$3,800 each.....	760,000		
500 other freight-train cars at \$2,600 each.....	1,300,000		
Total equipment.....)	5,925,000	\$3,555,000	2,370,000

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Additions and betterments:			
Additional main track.....	\$50,000	.....	.....
Additional yard tracks and sidings.....	181,500	.....	.....
Construction of new terminal facilities and purchasing additional shop machinery.....	190,000	.....	.....
Ballast.....	200,000	.....	.....
Telegraph line.....	25,000	.....	.....
Total additions and betterments.....	646,500	.....	\$646,500
Grand total.....	7,953,500	\$3,555,000	4,398,500

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is second liberty loan bonds, capital stock of the St. Paul Union Depot Company, and applicant's refunding and extension mortgage bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and to acquire needed equipment and facilities, thus enabling the applicant more expeditiously to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$2,274,000, apportioned \$487,500 for locomotives; \$1,240,000 for freight-train cars; and \$546,500 for additions and betterments to promote the movement of cars.

That part of the application in respect of equipment and additions and betterments will be considered separately.

After investigation, we find that the making of the proposed loan of \$1,382,000 by the United States, to enable the applicant to meet its maturing indebtedness as hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States;

and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

DANIELS, *Commissioner*, dissents.

Certificate No. 81 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,382,000 by the United States to the Minneapolis & St. Louis Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, to enable the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,382,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$2,377,000, principal amount, of applicant's refunding and extension mortgage 50-year series-A, 5 per cent gold bonds, due 1962, issued under an indenture of mortgage dated January 1, 1912, executed by the applicant to the Guaranty Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due May 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 6520 to 8896, inclusive.

- (b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared

upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 28th day of March, 1921.

Amended Certificate No. 81 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 81, of March 28, 1921, by changing subparagraph (a) of paragraph 5 of said certificate No. 81 to read as follows:

(a) The loan shall be secured by the pledge of \$2,377,000, principal amount, of applicant's refunding and extension mortgage 50-year series-A 5 per cent gold bonds, due 1962, issued under an indenture of mortgage dated January 1, 1912, executed by the applicant to the Guaranty Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due May 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered as follows: 5243 to 5398, inclusive, and 5963 to 8182, inclusive.

Done at Washington, D. C., this 31st day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1044.

IN THE MATTER OF THE APPLICATION OF THE WATERLOO, CEDAR FALLS & NORTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted March 21, 1921. Decided March 26, 1921.

Application granted in part and loan of \$1,280,000 approved.

L. S. Cass for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Waterloo, Cedar Falls & Northern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 1, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness, and to enable it to provide itself with additions and betterments. On December 15, 1920, and March 11, 1921, the applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,320,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Maturing indebtedness:			
54 notes, nearly all maturing May 1, 1921, more particularly described in the above-mentioned application.....	\$1,298,325.86	\$188,325.86	\$1,110,000.00
Interest due Jan. 1, 1921, on applicant's first-mortgage 30-year 5 per cent gold bonds, due 1940.....	144,325.00	84,325.00	60,000.00
Additions and betterments:			
Installation of interlocking plant with Illinois Central Railroad in Waterloo, Iowa.....	25,000.00	.....	25,000.00
New bridge across Cedar River in Waterloo, Iowa.....	125,000.00	.....	125,000.00
Total.....	1,592,650.86	272,650.86	1,320,000.00

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is, (a) for the \$1,260,000 for maturing notes and additions and betterments, applicant's general-mortgage 7 per cent gold bonds, due 1950, in the principal amount of \$1,575,000; and (b) for the \$60,000 for maturing interest, applicant's general-mortgage 6 per cent gold bonds, due 1950, in the principal amount of \$75,000.

6. That the extent to which the public convenience and necessity will be served by the loan is the meeting of maturing indebtedness, which will restore applicant's credit and enable it to retain its property. The installation of the interlocking plant with the Illinois Central will put into service 1 mile of additional terminal track already constructed; and the construction of the proposed new bridge will insure dependable service properly to meet the transportation needs of 50 industries dependent thereon.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

By our certificate No. 57 of December 30, 1920, we approved a loan of \$60,000 to the applicant for the purpose of aiding it in meeting interest maturing January 1, 1921.

On March 21, 1921, we had an informal hearing at which the president of the applicant explained in considerable detail conditions in support of a statement submitted by the applicant of estimated earnings and expenses for the years 1921 to 1925.

After investigation, we find that the making of the proposed loan of \$1,260,000 for maturing notes and for additions and betterments, as above set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

EASTMAN, *Commissioner*, dissents.

Certificate No. 80 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,260,000 by the United States to the Waterloo, Cedar Falls & Northern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purposes of aiding the applicant in meeting its maturing indebtedness and of enabling it to provide itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,260,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repaid in equal annual installments of \$200,000 consecutively in 10 to 14 years from the making thereof and one installment of \$260,000 in 15 years from the making thereof.

(b) The loan shall be secured by the pledge of \$1,575,000, principal amount, of applicant's general-mortgage 7 per cent gold bond, due 1950, issued under an indenture of mortgage or deed of trust dated May 1, 1920, executed by the applicant to the First Trust & Savings Bank and Melvin A. Traylor, as trustees; said bond in temporary form without coupons, numbered T-1, in a principal amount of \$1,575,000, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor, having coupons due May 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1 to 1575, inclusive.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 23d day of March, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. (2) Prior to the making of the loan the applicant shall issue and sell at par \$207,000, par value, of its common stock, and shall place the proceeds thereof in its treasury to be used for the payment of current liabilities. (3) So long as said loan remains unpaid, the total principal amount of applicant's general-mortgage gold bonds issued under an indenture of mortgage or deed of trust, dated May 1, 1920, due 1950, at any time issued and outstanding shall not exceed \$2,275,000. (4) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for electric roads in effect at the time the expenditures may be made. (5) The applicant shall furnish the Commission, on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part

of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 26th day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1232.

IN THE MATTER OF THE APPLICATION OF THE ANN ARBOR RAILROAD COMPANY FOR AUTHORITY TO PLEDGE IMPROVEMENT AND EXTENSION MORTGAGE BONDS.

Submitted March 2, 1921. Decided March 26, 1921.

Authority granted to pledge applicant's improvement and extension mortgage bonds in the amount of \$100,000 with the War Finance Corporation, as substitute security for a demand note.

Curtis, Mallet-Provost & Colt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ann Arbor Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to pledge \$100,000 of its 30-year 5 per cent improvement and extension mortgage bonds with the War Finance Corporation, as substitute security for a \$150,000 demand note which is to be reduced by a cash payment to \$50,000; and (2) to pledge from time to time \$600,000 of these bonds for such purposes as applicant may deem necessary. As sufficient information relating to the proposed pledge of \$600,000 of bonds has not been furnished, action on this part of the application will be deferred. The prayer of the application includes a request for authority to exchange certain 5 per cent bonds for 6 per cent bonds, but as such exchange is not authorized by any resolution of the directors filed with the application, it can not now be considered.

The improvement and extension mortgage, which is dated May 1, 1911, under which the bonds are issued, provides that the total amount outstanding shall not exceed \$10,000,000. There are now outstanding \$2,500,000 of such bonds, of which \$2,000,000 have been pledged with the Empire Trust Company, of New York, as trustee, under a collateral indenture, dated May 1, 1919, to secure \$750,000 two-year 6 per cent collateral gold notes maturing May 1, 1921. Of the bonds so pledged \$100,000 have been released by the trustee and are now held for applicant by the Federal Reserve Bank of New York.

On July 30, 1919, applicant issued to the War Finance Corporation its \$150,000 demand note, secured by a pledge of \$194,800 of the above-mentioned collateral notes. Applicant has arranged to reduce this demand note to \$50,000, to secure the release of the \$194,800 collateral notes by substituting as security the \$100,000 of bonds released by the Empire Trust Company, and now seeks authority to pledge these bonds as such substitute collateral. The collateral notes when released by the War Finance Corporation are to be forwarded to the Federal Reserve Bank of New York, to be delivered to the Empire Trust Company, as trustee.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Michigan has been filed by the Public Utilities Commission of that state, in which dismissal of the application is asked on the ground that we have no jurisdiction. We are of the opinion that we have jurisdiction. No objection to the granting of the application has been offered by any other state authority.

We find that the proposed pledge by applicant of \$100,000 of 5 per cent improvement and extension mortgage bonds as substitute collateral security for applicant's demand note in the amount of \$50,000, as reduced, issued to and held by the War Finance Corporation, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Ann Arbor Railroad Company be, and it is hereby, authorized to pledge \$100,000 of its 30-year 5 per cent improvement and extension mortgage bonds as substitute collateral security for applicant's demand note, reduced to \$50,000, issued to

and held by the War Finance Corporation; such pledge to be made only upon the release and cancellation of \$194,800 of applicant's two-year 6 per cent gold notes maturing May 1, 1921, now held as collateral security for said demand notes.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until otherwise ordered by this Commission.

It is further ordered, That the applicant shall report to the Commission within 10 days thereafter all pertinent facts relating to the pledge and release from pledge of said bonds, and the release from pledge and cancellation of said collateral gold notes, such reports to be in writing and signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said securities, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 973.

IN THE MATTER OF THE APPLICATION OF THE INTER-URBAN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted March 24, 1921. Decided March 28, 1921.

Application granted and loan of \$633,500 approved.

W. Clapper for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Inter-Urban Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 18, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing obligations. On July 2, 1920, and on February 26 and March 11, 1921, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$633,500.
2. That the term for which the loan is desired is 10 years from April 1, 1921.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness as herein set forth, to wit, refunding applicant's first-mortgage bonds due April 1, 1921, principal amount \$1,267,000, to be financed by applicant \$633,500, loan desired from the United States \$633,500.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$795,000 of applicant's first-mortgage 10-year 7½ per cent gold bonds, due April 1, 1931.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet its maturing indebtedness, thus restoring its credit and permitting the applicant properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitali-

zation, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

As a consideration of the making of the loan, the applicant agreed to finance 50 per cent of the maturing indebtedness. The certificate will provide that the entire loan, together with the entire amount to be financed by the applicant in connection therewith, shall have been expended for the purpose for which the loan is made, or the entire loan shall be repaid to the United States, on or before May 31, 1921.

An appropriate certificate will be issued.

Certificate No. 82 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$633,500, by the United States to the Inter-Urban Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$633,500.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years from April 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$795,000, principal amount, of applicant's first-mortgage 10-year $7\frac{1}{2}$ per cent gold bonds, due April 1, 1931, issued under an indenture of mortgage, dated April 1, 1921, executed by the applicant to the Harris Trust & Savings Bank, of Chicago, Ill., as trustee. The bonds are in definitive coupon form, having coupon due October 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered M-1 to M-795, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 31st day of March, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The entire loan, together with the entire amount to be financed by the applicant in connection therewith, shall have been expended for the purpose for which the loan is made, or the entire loan shall be repaid to the United States, on or before May 31, 1921. (2) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 8 per cent per annum, including in such costs, discounts, attorneys' fees, and any and all other expenses in connection with said loan. (3) So long as said loan remains unpaid the total principal amount of applicant's first-mortgage 10-year gold

bonds, due April 1, 1931, issued under an indenture of mortgage, dated April 1, 1921, executed by the applicant to the Harris Trust & Savings Bank, of Chicago, Ill., as trustee, at any time issued and outstanding shall not exceed \$1,750,000, and the applicant shall not issue or pledge or enter into any obligation to issue or pledge, and shall not otherwise dispose of any greater principal amount of said bonds, unless and until the consent of the Commission thereunto shall first have been obtained. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 31st day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1045.

IN THE MATTER OF THE APPLICATION OF THE ALABAMA & VICKSBURG RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONAL LOCOMOTIVES.

Approved March 28, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 73.

The Interstate Commerce Commission hereby amends its certificate No. 73 of March 3, 1921, for a loan of \$1,564,000 to the Alabama & Vicksburg Railway Company, hereinafter referred to as the applicant, by inserting the following clause as the concluding clause of subparagraph (f) of paragraph 5 of said certificate No. 73:

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

so that the whole of subparagraph (f) of paragraph 5 of said certificate No. 73 shall read as follows:

(f) The applicant has agreed in an instrument in writing, dated the 21st day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7½ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

Done at Washington, D. C., this 28th day of March, 1921.

FINANCE DOCKET No. 1220.

IN THE MATTER OF THE APPLICATION OF THE
WHEELING & LAKE ERIE RAILWAY COMPANY FOR
AUTHORITY TO ISSUE REFUNDING-MORTGAGE
BONDS AND TO PLEDGE SAID BONDS.

Submitted February 1, 1921. Decided March 28, 1921.

Authority granted to issue \$884,000 of refunding-mortgage bonds, series C, bearing interest at the rate of 6 per cent per annum, and maturing September 1, 1966, and to pledge said bonds with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

Squire, Sanders & Dempsey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Wheeling & Lake Erie Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$884,000 of its refunding-mortgage 6 per cent bonds, series C, maturing September 1, 1966, and to pledge such bonds as follows: (a) \$400,000 as partial security for the second installment, in the amount of \$400,000, of a loan of \$1,460,000, from the United States under section 210 of the transportation act, 1920, as amended; (b) \$400,000 as security for the third installment, in the amount of \$400,000, of said loan; and (c) \$84,000 as partial security for the fourth installment, in the amount of \$260,000, of said loan.

By the provisions of the applicant's refunding mortgage, dated September 1, 1916, to the Central Trust Company, of New York, a copy of which is on file with the Commission in Finance Docket No. 1103, the refunding-mortgage bonds at any one time outstanding are limited to an aggregate amount of \$50,000,000, of which \$13,184,000 are now outstanding. Interest is payable semiannually, March 1 and September 1. Specific authority for the issuance of the bonds covered by the application is contained in article second, sections 2 and 4, of said mortgage.

During the period from September 7, 1920, to January 27, 1921, inclusive, the applicant made the following expenditures: \$474,-

078.39 for additions and betterments to roadway and structures, for which bonds to the amount of 100 per cent of such expenditure are authorized by the mortgage; \$135,962.13 for the purchase of \$139,750 of its 4 per cent equipment gold notes, for which bonds to the amount of 100 per cent are authorized by the mortgage; and \$305,800 for the liquidation of its equipment gold note of the same amount, for which bonds to the amount of 90 per cent are authorized by the mortgage. No bonds have heretofore been authenticated and issued in respect of these expenditures.

On October 12, 1920, we authorized a loan by the United States to the applicant, under section 210 of the transportation act, 1920, as amended, in the amount of \$1,460,000. This loan was authorized to be made in four installments. The first installment of \$400,000 has been made, and is secured by proper collateral as provided in our certificate. The second installment of \$400,000, referred to in the present application, is to be secured by \$400,000 of applicant's 5 per cent refunding-mortgage bonds, series B, and \$400,000 of applicant's 6 per cent refunding-mortgage bonds, series C. The series-B bonds have already been issued. The third installment of \$400,000 is to be secured by an equal amount of applicant's refunding-mortgage bonds, series C, and the fourth installment of \$260,000 is also to be secured by \$400,000 of said series-C bonds, of which \$84,000 only is covered by the present application. The granting of this application will enable the carrier to secure the second and third installments of the loan, and furnish partial security for the fourth installment.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by the applicant of \$884,000 of its refunding-mortgage bonds, series C, bearing interest at 6 per cent per annum, maturing September 1, 1966, and the pledge thereof with the Secretary of the Treasury for loans under section 210 of the transportation act, 1920, as amended (a) are for lawful objects within the corporate purposes of the applicant and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Wheeling & Lake Erie Railway Company be, and it is hereby, authorized (1) to issue \$884,000 of its refunding-mortgage bonds, series C; said bonds to be issued under and pursuant to, and to be secured by, the refunding mortgage, dated September 1, 1916, made by the applicant to the Central Trust Company of New York, trustee; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of March and of September in each year, and the principal thereof to be payable on the 1st day of September, 1966; (2) to pledge \$400,000 of such bonds with the Secretary of the Treasury as partial security for the second installment, in the amount of \$400,000 of a loan of \$1,460,000 from the United States under section 210 of the transportation act, 1920, as amended; (3) to pledge \$400,000 of these bonds with the Secretary of the Treasury as security for the third installment, in the amount of \$400,000 of said loan; and (4) to pledge \$84,000 of said bonds with the Secretary of the Treasury as partial security for the fourth installment, in the amount of \$260,000, of said loan.

It is further ordered, That except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by applicant unless and until otherwise ordered.

It is further ordered, That interest on said bonds shall not be due and payable unless and until the applicant shall default in its obligation, the performance of which is secured by said bonds.

It is further ordered, That the Wheeling & Lake Erie Railway Company shall report to the Commission, in writing, all pertinent facts relating to the issue, pledge, and release from pledge of said bonds, such reports to be signed and verified by one of its executive officers having knowledge of the facts, and to be made within 10 days after such issue, pledge, or release from pledge, respectively.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1228.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING AND GENERAL MORTGAGE BONDS AND TO PLEDGE SAID BONDS; AND APPLICATIONS OF SUBSIDIARIES FOR AUTHORITY TO ISSUE AND DELIVER BONDS.

Submitted February 10, 1921. Decided March 28, 1921.

Authority granted:

1. To the Baltimore & Ohio Railroad Company to issue refunding and general mortgage bonds, series B, in aggregate amount of \$2,782,000, under a certain mortgage.
2. To the Baltimore & Ohio Railroad Company to pledge and repledge, from time to time, until otherwise ordered, all or any part of said refunding and general mortgage bonds, series B, as collateral security for note or notes that may be issued by said railroad company within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without our authorization therefor having first been obtained.
3. To subsidiaries of said railroad company to issue various bonds and deliver them upon the order of the Baltimore & Ohio Railroad Company to trustees under certain mortgages.

H. R. Preston for applicant and subsidiaries.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its refunding and general mortgage bonds, series B, in the amount of \$2,782,000, and to pledge these bonds, from time to time, as collateral security for any note or notes that it may issue within the limitations prescribed by paragraph (9) of section 20a of that act, without our authorization therefor having first been obtained.

Nine subsidiary companies of the applicant, herein termed the subsidiaries, have filed intervening applications in this proceeding. The applicant seeks authority on behalf of the subsidiaries for the issue of certain bonds by them. Authority to issue such bonds is asked by the subsidiaries in their applications, as follows:

Schuylkill River East Side Railroad Company	\$104,500
Baltimore & Philadelphia Railroad Company	11,500
Baltimore & Ohio Railroad Company in Pennsylvania	49,000

Wheeling, Pittsburgh & Baltimore Railroad Company-----	\$42,500
Fairmont, Morgantown & Pittsburg Railroad Company-----	23,000
Pittsburg & Western Railroad Company-----	80,000
Pittsburgh Junction Railroad Company-----	380,000
Baltimore & Ohio & Chicago Railroad Company-----	34,000
Baltimore & Ohio Southwestern Railroad Company-----	670,000

The refunding and general mortgage of the applicant, dated December 1, 1915, made to the Central Trust Company of New York (now the Central Union Trust Company) and James N. Wallace, trustees, provides that whenever bonds shall be issued against expenditures made for extensions and improvements on the railroads and properties of the subsidiaries, the applicant shall require the execution and delivery of mortgage bonds by the subsidiary involved to an amount at least equal to the amount of the expenditures, such bonds to be delivered to the applicant and pledged with the trustees under the refunding and general mortgage, subject to the proviso that whenever any mortgage prior in lien to said refunding and general mortgage shall so require, such mortgage bonds shall be pledged with the trustee under such prior mortgage and, subject to such pledge, be assigned to the trustees under the refunding and general mortgage. By the terms of the mortgages under which the bonds of the subsidiaries are sought to be issued, such delivery is also required. The provisions of the mortgage of the Schuylkill River East Side Railroad Company, dated December 10, 1915, section 5, article 1, on this subject, are typical:

Until the Terminal Mortgage from The Baltimore and Ohio Railroad Company to The Mercantile Trust Company, Trustee, dated June 30, 1894, has been released, the Trustee shall deliver, upon the order of the Railroad Company, all bonds issued hereunder, only to the Bankers Trust Company, successor-trustee under said mortgage, and upon the release of said mortgage, and until the First Mortgage from The Baltimore and Ohio Railroad Company to the United States Trust Company of New York and John A. Stewart, Trustees, dated July 1, 1898, has been released, the Trustee shall deliver said bonds, upon the order of the Railroad Company, only to the United States Trust Company of New York, or to its successor as trustee under said mortgage, and, upon the release of said mortgage, it shall deliver said bonds, upon the order of the Railroad Company, only to the Central Trust Company of New York, one of the trustees under the Refunding and General Mortgage from The Baltimore and Ohio Railroad Company to said Central Trust Company of New York and James N. Wallace, Trustees, or to the successor-trustee to said Central Trust Company of New York, so long as said Refunding and General Mortgage remains unreleased, and upon the release of said last named mortgage, it shall deliver said bonds to the Railroad Company.

The applicant controls the subsidiaries through stock ownership. Under the mortgages given by them, bonds may be issued by the subsidiaries in respect of additions, improvements, and betterments to their properties. During the period from September 1 to

December 31, 1920, the applicant made additions, improvements, and betterments to the properties of its subsidiaries, the aggregate cost of which, together with \$3,052.25 expended prior to September 1, 1920, amounted to \$2,784,851.98. It is proposed that the subsidiaries issue their bonds to the aggregate amount of \$1,394,500 in respect of these expenditures, and to deliver bonds upon the order of the applicant as provided in the mortgages.

Of the proposed refunding and general mortgage bonds, series B, \$1,394,500 are to be issued in respect of the bonds of the subsidiaries so delivered, and the remaining \$1,387,500 in respect to expenditures for additions and betterments to the applicant's road. As the bonds of the subsidiaries are to be delivered to the trustees under the various mortgages made by the applicant, the aggregate increase in the capital obligations of the applicant will be only the amount of the refunding and general mortgage bonds, series B, to wit, \$2,782,000.

The immediate issue of short-term notes is not contemplated by the applicant, but authority is sought for the pledging and repedging of the refunding and general mortgage bonds, series B, as security for such notes, so that they may be available for that purpose when necessary.

The applicant has informed us that it can use its bonds as collateral security for its short-term notes only upon the basis of the prevailing market value, with a sufficient allowance to create and maintain the margin of security of 20 to 25 per cent required by bankers.

The application of the Baltimore & Ohio and the applications of the subsidiaries were, respectively, made under oath, signed, and filed on their behalf by executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of these applications has been given to, and copies thereof filed with, the governor of each of the states in which the applicant and the subsidiaries operate. No objection to the granting of the applications has been offered by any state authority.

We find that the proposed issue and pledges by the applicant of its refunding and general mortgage bonds, series B, and the proposed issues by the subsidiaries of their various bonds (a) are for lawful objects within the corporate purposes of the applicant and its subsidiaries, respectively, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it and its subsidiaries of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in these applications having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized (1) to issue \$2,782,000 of its refunding and general mortgage bonds, series B, under and pursuant to, and to be secured by, the refunding and general mortgage dated December 1, 1915, made by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York) and James N. Wallace; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of February and August in each year, to mature December 1, 1995, and to be in the form set forth in the refunding and general mortgage; and (2) to pledge and repledge, from time to time, until otherwise ordered by this Commission, all or any part of said bonds as collateral security for any note or notes that may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without authority of this Commission therefor having been first obtained, such pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market value at the time of pledge to each \$100, face amount, of notes.

It is ordered, That the Schuylkill River East Side Railroad Company be, and it is hereby, authorized to issue \$104,500 of its refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated December 10, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of June and December in each year, to mature December 1, 1965, and to be in the form set forth in the refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Baltimore & Philadelphia Railroad Company be, and it is hereby, authorized to issue \$11,500 of its refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated December 1, 1916, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of June and December in each year, to mature December 1, 1995, and to be in the form set forth in the

refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Baltimore & Ohio Railroad Company in Pennsylvania be, and it is hereby, authorized to issue \$49,000 of its improvement mortgage bonds under and pursuant to, and to be secured by, the improvement mortgage dated December 1, 1916, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semi-annually on the 1st day of June and December in each year, to mature December 1, 1995, and to be in the form set forth in the improvement mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Wheeling, Pittsburgh & Baltimore Railroad Company be, and it is hereby, authorized to issue \$42,500 of its refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of March and September in each year, to mature March 1, 1965, and to be in the form set forth in the refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Fairmont, Morgantown & Pittsburg Railroad Company be, and it is hereby, authorized to issue \$23,000 of its refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of March and September in each year, to mature March 1, 1965, and to be in the form set forth in the refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Pittsburg & Western Railroad Company be, and it is hereby, authorized to issue \$80,000 of its refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of March and September in each year, to mature March 1, 1965, and to be in the form set forth in the refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Pittsburgh Junction Railroad Company be, and it is hereby, authorized to issue \$380,000 of its refunding and

general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of March and September in each year, to mature March 1, 1965, and to be in the form set forth in the refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Baltimore & Ohio & Chicago Railroad Company be, and it is hereby, authorized to issue \$34,000 of its refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated December 1, 1916, made by that company to the Girard Trust Company and William N. Ely; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of June and December in each year, to mature December 1, 1995, and to be in the form set forth in the refunding and general mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Baltimore & Ohio Southwestern Railroad Company be, and it is hereby, authorized to issue \$670,000 of its improvement mortgage bonds under and pursuant to, and to be secured by, the improvement mortgage dated May 1, 1917, made by that company to the Girard Trust Company and William N. Ely; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of May and November in each year, to mature December 1, 1995, and to be in the form set forth in the improvement mortgage; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is further ordered, That, except as herein authorized, said refunding and general mortgage bonds, series B, shall not be sold, pledged, replugged, or otherwise disposed of by the applicant, unless and until otherwise authorized by our future order.

It is further ordered, That the Baltimore & Ohio Railroad Company shall report to this Commission within 10 days thereafter, all pertinent facts relating to (1) the issue of said refunding and general mortgage bonds, series B, as herein authorized; and (2) the pledge and release from pledge of any or all of said bonds; said reports to be in writing, signed, and verified by an executive officer of the applicant having knowledge of the facts.

It is further ordered, That each of the subsidiaries shall report to the Commission within 10 days thereafter, all pertinent facts relating to the issue and delivery of bonds issued by it as herein

authorized, such reports to be in writing, signed, and verified by one of its executive officers having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said bonds, or interest thereon.

67 I. C. C.

FINANCE DOCKET No. 1103.

IN THE MATTER OF THE APPLICATION OF THE WHEELING & LAKE ERIE RAILWAY COMPANY FOR AUTHORITY TO ISSUE REFUNDING-MORTGAGE BONDS AND TO PLEDGE SUCH BONDS.

Submitted March 10, 1921. Decided March 29, 1921.

Authority granted:

1. To issue \$1,351,000 of refunding-mortgage 5 per cent bonds, series B, maturing September 1, 1966.
2. To pledge \$100,000 of said bonds with the Guardian Savings & Trust Company of Cleveland, Ohio, as security for an existing obligation, replacing other bonds pledged for that purpose.
3. To pledge \$1,251,000 of said bonds or such portion thereof as may be necessary, as security for a note or notes to be given to the United States Railroad Administration on account of the indebtedness of the applicant for expenditures made during federal control; provided that any bonds not so pledged shall be used to replace in applicant's treasury similar bonds heretofore withdrawn for the purpose of pledge.

Terms and conditions prescribed.

Squire, Sanders & Dempsey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Wheeling & Lake Erie Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to nominally issue \$1,528,000, of its refunding-mortgage 5 per cent bonds, series B, maturing September 1, 1966, under and pursuant to the refunding mortgage dated September 1, 1916, made by the applicant to the Central Trust Company of New York, as trustee, and to pledge said bonds as hereinafter set forth.

Applicant proposes to pledge the bonds as follows: (a) \$100,000 with the Guardian Savings & Trust Company, of Cleveland, Ohio, to replace a like amount of the same series previously pledged as part of the security for a loan of \$650,000, due October 22, 1921, the bonds so to be replaced having been loaned to applicant for use as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended; (b) \$177,000 with the Secretary of the Treasury under an equipment trust, series A, lease

basis, of the National Railway Service Corporation, as partial security for the performance of the obligations of the applicant under said trust; and (c) \$1,251,000, or so much thereof as may be necessary, as security for a note or notes to be given to the United States Railroad Administration on account of applicant's indebtedness for additions and betterments to roadway and structures made by the government during the period of federal control. The exact amount of this indebtedness is not known at this time, but applicant represents that approximately \$800,000 of bonds will be required for pledge. Any bonds not so pledged will be used in replacement in the applicant's treasury of bonds of a similar character heretofore withdrawn for pledge with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

Applicant shows that during the period from January 1, 1917, to August 31, 1920, inclusive, it expended \$435,628.95 for additions and betterments to roadway and structures, for which bonds in the principal amount of 100 per cent of such expenditure are authorized by the mortgage; that during the period from January 1, 1919, to August 31, 1920, inclusive, it expended \$185,259.40 for additions and betterments to rolling stock and floating equipment, for which bonds in the principal amount of 90 per cent are authorized by the mortgage; that during the period from March 1, 1919, to September 1, 1920, inclusive, it expended \$404,000 for the acquisition of receiver's equipment certificates, series A, less bonds in the amount of \$25,000 previously issued in error, or a net amount of \$379,000, for which bonds in the principal amount of 100 per cent are authorized by the mortgage; that on April 1, 1920, it expended \$462,000 for the payment of its equipment-trust certificates, series B, for which bonds in the amount of 90 per cent are authorized by the mortgage; and that during the period from September 1 to December 15, 1919, it expended \$133,000 for the purchase of \$140,000 of its 4 per cent equipment gold notes, issued January 1, 1917, for which bonds in the amount of 100 per cent are authorized by the mortgage. No bonds have heretofore been issued on account of any of these expenditures.

Concurrently with the filing of this application the applicant also filed an application under section 20a of the interstate commerce act (Finance Docket No. 1104) for authority to participate in the National Railway Service Corporation's equipment trust, series A, lease basis, and to assume certain obligations thereunder. The item of \$177,000 mentioned above is for the issue of bonds which the applicant proposes to pledge with the Secretary of the Treasury as partial security for the performance of its obligations under

this equipment trust. This item, therefore, will be considered and disposed of in connection with Finance Docket No. 1104.

The application was made under oath, signed, and filed on behalf of the carrier by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Ohio has been filed by the Public Utilities Commission of that state. The objections offered by said commission are based upon our alleged lack of jurisdiction in the matters involved. We are of opinion that we have jurisdiction.

We find that the proposed nominal issue by the applicant of \$1,351,000 of its 5 per cent refunding-mortgage bonds, series B, maturing September 1, 1966, and the pledge thereof as follows: (1) \$100,000 with the Guardian Savings & Trust Company of Cleveland, Ohio, to replace a like amount of the same series previously pledged as partial security for an existing obligation for \$650,000, maturing October 22, 1921; and (2) \$1,251,000, or such portion thereof as may be necessary, as security for a note or notes to be given to the United States Railroad Administration on account of additions and betterments to roadway and structures made by the United States Railroad Administration during the period of federal control; any bonds not so pledged to be used to replace similar bonds heretofore withdrawn from applicant's treasury for pledge with the Secretary of the Treasury; (a) are for lawful objects within the corporate purposes of the applicant and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof;

It is ordered, That the Wheeling & Lake Erie Railroad Company be, and it is hereby, authorized (1) to issue \$1,351,000 of its refunding-mortgage gold bonds, series B; said bonds to be issued under and

pursuant to the terms and conditions of, and secured by applicant's refunding mortgage dated September 1, 1916, to the Central Trust Company of New York; the bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of March and of September in each year, and the principal thereof to be payable on the 1st day of September, 1966; (2) to pledge \$100,000 of the bonds with the Guardian Savings & Trust Company of Cleveland, Ohio, to replace a like amount of the same series previously pledged as partial security for a loan of \$650,000, due October 22, 1921; and (3) to pledge \$1,251,000 of the bonds, or such portion thereof as may be necessary, as security for a note or notes to be given to the United States Railroad Administration on account of additions and betterments to roadway and structures made by the United States Railroad Administration during federal control; provided that in the event all of the \$1,251,000 of bonds are not required for pledge with the United States Railroad Administration as aforesaid, any bonds remaining shall be placed in applicant's treasury to replace similar bonds heretofore withdrawn for pledge with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

It is further ordered, That except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by applicant unless and until otherwise ordered by this Commission.

It is further ordered, That interest on said bonds shall not be due and payable unless and until the applicant shall default in its obligation, the performance of which is secured by said bonds.

It is further ordered, That the Wheeling & Lake Erie Railway Company shall report to this Commission in writing all pertinent facts relating to the issue, pledge, and release from pledge of said bonds, such reports to be signed and verified by one of its executive officers having knowledge of the facts, and to be made within 10 days after such issue, pledge, or release from pledge, respectively.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1259.

IN THE MATTER OF THE APPLICATION OF THE BERGEN COUNTY RAILROAD COMPANY FOR AUTHORITY TO EXTEND MATURITY OF BONDS.

Submitted March 24, 1921. Decided March 29, 1921.

Authority granted to enter into extension supplements with holders of \$200,000 of first-mortgage bonds, extending the maturity date thereof from April 1, 1921, to April 1, 1931, and increasing the rate of interest thereon from 5 to 7 per cent per annum.

George F. Brownell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Bergen County Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, seeks authority under section 20a of said act to enter into extension supplements with holders of its first-mortgage bonds which will mature on April 1, 1921, under which the date of payment will be extended to April 1, 1931, and the rate of interest increased from 5 to 7 per cent per annum as evidenced by appropriate coupon sheets.

The railroad and property of the applicant are leased to the Erie Railroad Company, which also owns the applicant's entire capital stock. There are now outstanding \$200,000 of bonds issued under the first mortgage given by the applicant to the Farmers' Loan & Trust Company under date of March 1, 1881, by the terms of which the bonds, as originally issued, bore interest at the rate of 6 per cent per annum and would have matured on April 1, 1911. By extension supplements dated February 16, 1911, the date of payment was extended to April 1, 1921, and the interest rate reduced to 5 per cent per annum. Copies of the mortgage and of said extension supplements, as well as of the proposed extension supplements and its attached coupon sheets, have been filed in this proceeding.

The applicant submits that it is unable to pay the bonds on April 1, 1921; and, being without facilities for negotiating the extension of the bonds, it made arrangements with J. P. Morgan & Company to undertake such negotiations for a compensation equal to 1½ per

cent of the aggregate principal amount of the bonds. That firm has succeeded in obtaining the assent of the holders of approximately \$150,000 of the bonds and has secured commitments for acquiring the remaining bonds and for their sale at par, as extended, to other persons.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application was given to, and a copy thereof filed with, the governor of the state of New Jersey, the only state in which the property of the applicant is located. No objection to the granting of the application has been offered by the New Jersey Board of Public Utility Commissioners or other authority of that state.

We find that the execution of the proposed extension supplements by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the applicant's lessee of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the Bergen County Railroad Company be, and it is hereby, authorized to enter into extension supplements, with coupon sheets attached, with the respective holders of \$200,000 of its first-mortgage bonds, extending the date of payment of the principal of said bonds from April 1, 1921, to April 1, 1931, and increasing the rate of interest thereon from 5 to 7 per cent per annum; *provided* that all cost to the applicant in connection with such extension of said bonds, including negotiations with present holders, shall not exceed $7\frac{1}{2}$ per cent per annum on the principal amount of the bonds, including in such cost interest, commission, attorneys' fees, and all other expenses in connection therewith.

It is further ordered, That within 10 days thereafter, the applicant shall report to the Commission all pertinent facts relating to the ex-

tension of the date of payment and disposition of said bonds, including all items of expense incurred by it, such report to be in writing, signed, and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1266.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE A NOTE, TO PLEDGE BONDS AS COLLATERAL SECURITY, AND TO MAKE SAID BONDS PAYABLE IN DOLLARS.

Submitted March 21, 1921 Decided March 29, 1921.

Authority granted (1) to issue under date of April 1, 1921, at not less than 99.5 per cent of par, a six-months' promissory note for \$2,500,000 with interest at the rate of 6 per cent per annum; (2) to pledge as collateral security therefor not exceeding 30,547,500 francs of the applicant's 4 per cent 20-year European loan of 1910 bonds; and (3) to make said bonds payable at its office in the city of New York in dollars at the rate of \$1 for 5.1813 francs.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue under date of April 1, 1921, its promissory note for \$2,500,000, payable to and indorsed by it, and payable six months after date at the banking office of J. P. Morgan & Company, New York City, with interest at the rate of 6 per cent per annum; (2) to pledge as collateral security for said note not exceeding 30,547,500 francs of its 4 per cent 20-year European loan of 1910 bonds; and (3) to make said bonds payable at its office in New York City in dollars at the rate of \$1 for 5.1813 francs.

In 1910 the applicant issued and sold to Morgan, Harjes & Company, 50,000,000 francs of its 4 per cent 20-year European loan of 1910 bonds, or debentures (which were later secured by the applicant on a parity with other bonds issued under and secured by its refunding and improvement mortgage, dated June 27, 1919). These bonds were payable in francs at Paris, France, at the office of Morgan, Harjes & Company, or at the option of the holder at specified places in Belgium and Switzerland.

The applicant states that in September, 1919, all of said bonds were in the hands of the public, and that, desiring to take advantage

of the favorable rate of exchange then prevailing, it purchased through J. P. Morgan & Company 30,547,500 francs of said bonds. Such purchases were made between September 24, 1919, and July 31, 1920. The applicant borrowed \$3,000,000 from J. P. Morgan & Company and associates for this purpose, and gave therefor its 6 per cent promissory notes, maturing October 1, 1920, and secured by the bonds so purchased. At the maturity of these notes the applicant paid \$500,000 on account thereof, and gave in renewal of the balance its six months' 6 per cent promissory note, dated October 1, 1920, said bonds continuing pledged as security therefor.

It now proposes to issue another note, as above stated, and to apply the proceeds thereof in discharge of such indebtedness; said bonds to continue in pledge as security for said note. The proposed note and all other outstanding notes of the applicant of a maturity of two years, or less, will together aggregate more than 5 per cent of the par value of the applicant's outstanding securities.

As a part of the arrangement for the purchase of the bonds and the provision of funds for that purpose, the applicant agreed with J. P. Morgan & Company that, upon their request at any time before payment of the notes with the proceeds of which said bonds were purchased, said bonds should be made payable, principal and interest, at the office of the applicant in New York City in dollars at mint parity, namely, \$1 for 5.1813 francs, instead of at the places and in the currency designated in said bonds; and that said agreement should be evidenced by stamping upon the face of each of said bonds an appropriate legend signed by a duly authorized officer of the applicant. Such legend has not been placed upon any of said bonds, and the applicant now proposes to perform its agreement in this respect.

A copy of the proposed note and of the agreed form of such legend were filed with the application. The renewal of the loan is necessary in order that the applicant may devote its cash resources to pressing requirements.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of said note, the proposed pledge of said bonds, and the proposed change of the places where, and the currency in which, said bonds shall be payable (a) are for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and

consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That The Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized (1) to issue under date of April 1, 1921, at not less than 99.5 per cent of par, its promissory note for \$2,500,000, payable to and indorsed by itself, and payable six months after date at the office of J. P. Morgan & Company, New York City, with interest at the rate of 6 per cent per annum; said note to be substantially in the form submitted with the application, and to be used for the purpose of renewing the unpaid balance of the loan heretofore made to the applicant to enable it to purchase the bonds hereinafter mentioned, which balance is now evidenced by its note dated October 1, 1920, and maturing April 1, 1921; (2) to pledge as collateral security therefor not exceeding 30,547,500 francs of its 4 per cent 20-year European loan of 1910 bonds; and (3) to make said bonds payable at its office in the city of New York in dollars at the rate of \$1 for 5.1813 francs, by stamping thereon and executing a legend substantially in the form submitted with the application.

It is further ordered, That neither said note nor said bonds shall be sold, pledged, repledged, or otherwise disposed of except as herein authorized.

It is further ordered, That the applicant shall within 10 days thereafter report to the Commission all pertinent facts relating to: (1) the issue of said note; (2) the payment or satisfaction thereof; (3) the pledge of said bonds; (4) the release of said bonds, or any of them, from pledge; (5) the stamping and execution of said legend on said bonds; and (6) the retirement and cancellation of said bonds; each of said reports to be in writing, and signed and verified by an executive officer of the applicant having knowledge of the matters contained therein.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said note or bonds, or the interest thereon, on the part of the United States.

FINANCE DOCKET No. 1032.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIA BLUE RIDGE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted March 23, 1921. Decided March 30, 1921.

Application granted in part and loan of \$106,000 approved.

John W. Dwight for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Virginia Blue Ridge Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 24, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act of 1920, as amended, to aid the applicant in meeting its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$107,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are as follows: Maturities of short-term notes, estimated cost \$107,000, loan desired from the United States \$107,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$134,000, of applicant's first-mortgage 30-year, 6 per cent gold bonds, due 1946.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit, thus enabling it properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and

the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The American Short Line Railroad Association recommended a loan to the applicant of \$107,000 to aid the applicant in meeting its maturing indebtedness. It appears that a note of \$1,000 has been paid since the applicant filed the application.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in the amounts hereinbelow set forth:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
To meet maturing notes as follows:			
First National Bank, Ithaca, N. Y., due Feb. 2, 1921.....	\$8,500	.....	\$8,500
First National Bank, Owego, N. Y., due Feb. 11, 1921.....	4,500	.....	4,500
Riggs National Bank, Washington, D. C., due Feb. 24, 1921.....	19,000	.....	19,000
Ithaca Trust Company, Ithaca, N. Y., due Feb. 12, 1921.....	8,500	.....	8,500
First National Bank, Owego, N. Y., due May 7, 1921.....	4,500	.....	4,500
First National Bank, Ithaca, N. Y., due Apr. 2, 1921.....	13,000	.....	13,000
Second National Bank, Elmira, N. Y., due Apr. 2, 1921.....	18,500	.....	18,500
First National Bank, Groton, N. Y., due Apr. 9, 1921.....	3,000	.....	3,000
First National Bank, Ithaca, N. Y., due Apr. 12, 1921.....	6,500	.....	6,500
Riggs National Bank, Washington, D. C., due Apr. 13, 1921.....	6,500	.....	6,500
Riggs National Bank, Washington, D. C., due May 13, 1921.....	8,500	.....	8,500
Corning Trust Company, Corning, N. Y., due Apr. 19, 1921.....	5,000	.....	5,000
Total.....	106,000	.....	106,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 83 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$106,000 by the United States to the Virginia Blue Ridge Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$106,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$134,000, principal amount, of applicant's first-mortgage 30-year 6 per cent gold bonds, due 1946, issued under an indenture of mortgage dated August 1, 1916, executed by the applicant to American Security & Trust Company, of Washington, D. C., as trustee. Said bonds are in definitive coupon form, having coupon due August 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 61 to 190, inclusive, and 231 to 234, inclusive.

(b) The loan shall be further secured by the joint and several unrestricted indorsements and guaranties, as to both principal and interest, of Howard Cobb and Fordyce A. Cobb, both of Ithaca, N. Y., and John W. Powell and John W. Dwight, both of Washington, D. C. Said indorsements and guaranties may be in substantially the following form:

For value received we jointly and severally indorse and unconditionally guarantee to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$----- with interest, when and as the same shall become due and payable, whether at maturity, or by declaration or otherwise, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said note and/or interest thereon, unless and until said note and all interest thereon and expenses thereof are paid in full.

In Witness Whereof, we have caused this guaranty to be signed, and our seals to be hereunto affixed and duly attested this ----- day of -----, 1921.

Attest:

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the appli-

cant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 30th day of March, 1921.

67 I. C. C.

FINANCE DOCKET No. 1227.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING AND EXTENSION MORTGAGE BONDS.

Submitted March 16, 1921. Decided March 30, 1921.

1. Authority granted to issue \$1,382,000 refunding and extension mortgage 5 per cent gold bonds, and to pledge said bonds with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended.
2. Record insufficient to justify further authorization.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Minneapolis & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$2,096,000 of its refunding and extension mortgage 5 per cent gold bonds; (2) to pledge with the Secretary of the Treasury such portion of said bonds, but not less than \$1,382,000, as may be required as partial security for a loan of \$1,382,000 from the United States under section 210 of the transportation act, 1920, as amended; and (3) to place in its treasury any bonds remaining after making said pledge.

The applicant's refunding and extension mortgage, dated January 1, 1922, made by the applicant to the Guaranty Trust Company of New York, trustee, reserves bonds for retiring nine bond issues, including \$1,382,000 of its Pacific extension mortgage 6 per cent bonds, maturing April 1, 1921. The terms of the refunding and extension mortgage restrict the rate of interest on bonds issued thereunder to a maximum of 5 per cent per annum. It is impracticable for the applicant to refund the maturing Pacific extension mortgage 6 per cent bonds by the issue of bonds bearing interest at the rate of 5 per cent, and application has been made to the Commission for a loan in the principal amount of \$1,382,000 from the United States to be used for the retirement of the maturing bonds. It is proposed to pledge at least an equal amount of refunding and extension mortgage 5

per cent bonds with the Secretary of the Treasury as partial security for the loan. The loan has been certified conditioned upon the pledge of the said amount of \$1,382,000 of bonds as partial security.

The amount of refunding and extension mortgage bonds not needed for said pledge are intended for the reimbursement of applicant's treasury for expenditures for retirement of equipment obligations and for additions and betterments to roadway and structures. Disposition of this portion of the application can not be made on the present record and it will be reserved for further consideration.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the issue by the applicant of \$1,382,000 of its refunding and extension mortgage bonds and the pledge of said bonds with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act (a) are for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the Minneapolis & St. Louis Railroad Company be, and it is hereby, authorized (1) to issue \$1,382,000 of refunding and extension mortgage gold bonds, said bonds to be issued under, and pursuant to, and to be secured by the refunding and extension mortgage dated January 1, 1912, made by the applicant to the Guaranty Trust Company of New York, trustee, said bonds to mature February 1, 1962, and to bear interest at the rate of 5 per cent per annum, payable quarterly on the 1st day of February, May, August,

and November in each year; and (2) to pledge said bonds with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until otherwise ordered by this Commission.

It is further ordered, That applicant shall report to the Commission within 10 days thereafter all pertinent facts relating to the issue, pledge, and release from pledge of said bonds, such reports to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath,

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 31.

IN THE MATTER OF THE APPLICATION OF THE MARSHALL & EAST TEXAS RAILWAY COMPANY AND ITS RECEIVER FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 1, 1921. Decided April 1, 1921.

The Marshall & East Texas Railway Company having ceased operation, under order of a federal court, prior to the effective date of paragraph (18) of section 1 of the interstate commerce act, the issuance of the certificate of public convenience and necessity applied for found not within the Commission's jurisdiction. Application dismissed.

F. H. Prendergast for applicant.

S. P. Jones for protestants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Marshall & East Texas Railway Company, hereinafter referred to as the applicant, and Bryan Snyder, its receiver, seek a certificate of public convenience and necessity to permit them to abandon the applicant's line of railroad situated in the counties of Wood, Upshur, and Harrison, in the state of Texas.

The applicant, chartered under the laws of Texas, owned and operated a line of railway extending from the Panola-Harrison county line, near Elysian Fields, northwest to Eser, or East Winnsboro, a distance of 90.51 miles, passing through Marshall, a point on the Texas & Pacific Railway. The line from Elysian Fields to Marshall was constructed by the applicant in 1909, and the road from Marshall to East Winnsboro was composed largely of former logging roads. Foreclosure proceedings were instituted by the St. Louis Trust Company, holder of the mortgage bonds of the applicant, in the United States district court for the eastern district of Texas, and on January 25, 1917, said Bryan Snyder was appointed receiver. Following a report by him as to the physical condition of the road, and after hearing, the road was offered for sale on July 3, 1917, under order of the court. There being no bidders, the court directed the receiver to discontinue operation of that portion of the road north of Marshall, effective August 15, 1917. In September

following, the road was offered for sale in two segments, one from Marshall north and the other from Marshall south, but again there were no bidders. Subsequently the Waters Lumber Company, which had furnished about 80 per cent of the tonnage of the line south of Marshall, removed its mill and the court ordered the discontinuance of operation, effective August 3, 1918, of the remainder of the line. On August 18, 1918, the building in Marshall used as a general office and station was destroyed by fire and many of the company's records were lost. In April, 1920, the court again ordered the sale of the road, this time in six segments, of which two were sold and the sale approved; one, from Gilmer to East Winnsboro, 30 miles in length, to the Winnsboro & Gilmer Railroad Company, and the other, including the terminals at Marshall and about 2 miles of track, to the receivers of the Texas & Pacific Railway. There remain, therefore, those portions of the line from Marshall to Gilmer, 40.7 miles, and from Marshall to Elysian Fields, 17.1 miles. Some delay appears to have resulted from the illness and death of the federal judge, and on August 4, 1920, this application was filed with us, with the approval of the court. There was no protest as to the dismantling of the road between Marshall and Gilmer, but parties interested in shipping to and from points on the Marshall-Elysian Fields line appeared at the hearing and testified. The applicant was engaged in interstate commerce prior to August 3, 1918, but since that date has not engaged in any transportation whatsoever. It filed an annual report with us for 1918 but not for 1919.

Protestants raise the question of our jurisdiction.

Paragraph (18) of section 1 of the interstate commerce act provides that no carrier by railroad shall abandon all or any portion of a line of railroad or the operation thereof "after 90 days after this paragraph takes effect." The evidence shows that operation was discontinued prior to the effective date of this paragraph, under such circumstances as clearly indicate an intention to effect a complete and permanent abandonment of the line. We therefore find that the abandonment took place prior to the effective date of paragraph (18), section 1. It follows that no certificate of public convenience and necessity is required.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 1261.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & PORTSMOUTH BELT LINE RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted March 3, 1921. Decided April 1, 1921.

Authority granted to issue promissory notes in the aggregate amount of \$63,900, to cover periodical payments to be made in connection with the procurement of two locomotives.

Thomas H. Willcox for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Norfolk & Portsmouth Belt Line Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue promissory notes in the aggregate amount of \$63,900.

By a proposed agreement of lease to be dated January 8, 1921, the applicant will procure two locomotives from the Baldwin Locomotive Works of the following description: Class 10-36-E 3585 and 3586, road numbers 16 and 17. As rent for the locomotives, the applicant will pay \$30,000 in cash and the sum of \$2,000 per month during a period of 31 months, with a final payment of \$1,900 on October 8, 1923. The promissory notes proposed to be given by the applicant covering these payments will be dated January 8, 1921, and will bear interest at the rate of 6 per cent per annum from February 8, 1921. They will be payable to the order of the Baldwin Locomotive Works and will mature serially on the 8th day of each month from April 8, 1921, to October 8, 1923, inclusive, with the exception of the note covering the payment due on March 8, 1921, which, owing to the fact that the time for the payment of the installment falling due on that date has passed, will be made payable on demand.

Until the applicant shall have made all payments of rent and other sums of money in conformity with the lease, the title to the locomotives will remain in the lessor; but upon performance by the applicant of all the stipulations of the lease, it has the option, at any time within one month after the maturity of the last installment of rent,

to purchase the locomotives for \$1, whereupon the title to the locomotives will be conveyed by the lessor to the applicant.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which the applicant operates. No objection to the granting of the application has been offered by the State Corporation Commission or any other authority of that state.

We find that the proposed issue of promissory notes by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Norfolk & Portsmouth Belt Line Railroad be, and it is hereby, authorized to issue under date of January 8, 1921, 32 promissory notes in the aggregate amount of \$63,900, payable to the order of the Baldwin Locomotive Works, with interest at the rate of 6 per cent per annum from February 8, 1921; 31 of such notes to be in the face amount of \$2,000 each, and one in the face amount of \$1,900; one of these 31 notes to be payable on demand, and one of the remaining 30 notes to be payable on the 8th day of each month from April 8, 1921, to September 8, 1923, and the \$1,900 note to be payable on October 8, 1923; said notes to be issued to cover the periodical payments of rent for two locomotives, becoming due and payable to the Baldwin Locomotive Works at the times of the respective maturities of said notes, as set forth in the application.

It is further ordered, That said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant except as herein authorized.

It is further ordered, That the applicant shall, within 10 days thereafter, report to the Commission all pertinent facts relating to

the issue of said notes, and shall, for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such period, report to us all pertinent facts relating to the payment or satisfaction of said notes, until all of such notes shall have been paid or satisfied; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or the interest thereon, on the part of the United States.

FINANCE DOCKET No. 1166.

IN THE MATTER OF THE APPLICATION OF THE GOLDEN
BELT RAILROAD OF KANSAS FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 3, 1921. Decided April 4, 1921.

Public convenience and necessity not shown to require the construction by applicant of a new line of railroad between Great Bend and Hays, Kans. Application denied.

Harry Freese for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Golden Belt Railroad of Kansas, a corporation organized to engage in interstate commerce by railroad, on December 28, 1920, filed its application for a certificate of public convenience and necessity authorizing the construction of a line of railroad in the counties of Barton, Rush, and Ellis, in the state of Kansas.

Upon receipt of the application, notice of the filing thereof was given to, and a copy filed with, the governor of Kansas, and like notice was published for three consecutive weeks in a newspaper of general circulation in each county in or through which the line in question is proposed to be constructed. No representations were made by the authorities of Kansas either for or against the granting of the application, and the case was thereupon submitted, upon the return to our questionnaire, without formal hearing.

The proposed route extends through an area devoted almost entirely to the production of wheat. Starting at Great Bend, the line would pass through the townships of Great Bend, Eureka, Alvion, Grant, and Fairview, in Barton county; Pleasantdale and Illinois, in Rush county; and Freedom, Wheatland, Big Creek, Catharine, and Buckeye, in Ellis county, terminating near the site of the former town of Hyacinth. The proposed line is about 64 miles in length. Beginning at a point a few miles south of Hyacinth it is proposed to construct a branch to Hays, which is on the main line of the Union Pacific Railroad. For the present, Hays would be the northern terminus of the line. At Olmutz, the proposed line would cross the main line of the Missouri Pacific, and, as projected, would pass within a few miles of the town of Galatia, which is served by a branch of the

Atchison, Topeka & Santa Fe Railway. Great Bend is served by the latter road and by the Missouri Pacific. Thus, the line, as proposed, would intersect or reach three existing trunk lines that extend east-and-west across the state of Kansas, but would not parallel any competing north-and-south line. The population of the territory served, exclusive of incorporated municipalities, is about 16,000. The country proposed to be traversed is very level, is without timber, and has been cultivated for many years. The main highways in the territory are apparently well built and suitable for travel of all kinds. There are two flouring mills at Great Bend and one at Hays, all of which are served by existing lines. At Hays is located the Western Kansas Normal School and a small college. In 1920 the territory which, according to the applicant, is naturally tributary to the proposed line, produced over 3,000,000 bushels of wheat. Of this amount about 2,400,000 bushels are shipped.

The purpose of the proposed line, as stated by the applicant, is threefold: First, to furnish additional local service to the farmers along the route, thus shortening the haul of their crops; second, to shorten the distance between this region and the Gulf ports, permitting shipment of grain to those ports instead of to eastern markets as at present; and third, to supply a north-and-south route for local passenger travel.

Examining these purposes somewhat in detail, it appears from available maps that in the south half of this territory there are no points tributary to the proposed line which are not within less than 5 miles of an existing rail line. Considering the entire route from Great Bend to Hays, it appears that there would be 390 square miles of territory as near or nearer to the proposed line than to an existing line. Eighty-five square miles would be at least 5 miles nearer, and 7 square miles at least 10 miles nearer, a railroad than at present. If it be assumed that applicant will receive all the traffic originating in the 390 square miles, it is found that it will have 7.5 square miles of territory per mile of railroad, as compared with 8.7 square miles per mile of railroad for the entire state. The wheat traffic, upon which the line will depend almost entirely is to a considerable extent seasonal, and the general description of the proposed line given by the applicant does not give promise of ability to handle the traffic promptly or to store the crop for movement over a longer period.

No evidence is presented to show any advantages which would accrue to the territory by shortening the distance to Gulf ports or to show that a movement of traffic in that direction is desirable.

As regards passenger traffic, a north-and-south line in this territory would doubtless be a convenience to a considerable number of people, but the applicant admits that separate passenger service on the line

would probably not be justified and proposes to run mixed trains, or possibly motor cars for passenger traffic. In view of the existence of roads affording passenger service between the northern and southern portions of that territory, though by means of somewhat circuitous routes, and with good highways available, it is not apparent that a large amount of passenger traffic would accrue to the proposed line.

The applicant presents no engineering study of the proposed route, and states that none has been made, although the precise location of the main line has apparently been chosen by the promoters. It is intended to make a location survey at some future time. The country is described as level and open, requiring little grading or filling, but, from the data submitted, it is impossible to determine with any certainty the physical characteristics of the line. •

The applicant makes no attempt to estimate the probable volume of traffic or of the net railway operating income which might be realized therefrom, and states that any such estimates would be mere guess work on its part. The essential data from which such estimates might be prepared by us are lacking.

The total cost of the line, with equipment, is estimated by applicant at \$895,000 but details of the method of arriving at this amount are not supplied. It is stated that the equipment will consist of 2 locomotives, 2 standard passenger cars, 2 baggage cars, 2 combination baggage-and-express cars, 12 standard box cars, and 6 flat cars.

The proposed plan for financing the construction provides for the issuance of \$661,000, par value, of capital stock, and \$500,000, par value, of first-mortgage bonds. Stock of the par value of \$50,000 is to be held in reserve in the treasury and \$60,000 is to be subscribed for by the citizens of Great Bend and Hays. Qualifying shares amounting to \$1,000 are to be held by the directors and \$550,000 of stock is to be subscribed for by the townships along the route and paid for by the issuance of township bonds to be authorized by the electors. The chairman of the board of county commissioners in each of the three counties is to be a member ex-officio of the applicant's board of directors, so long as the county continues to hold stock in the corporation. The applicant proposes to guarantee to each township along the route an elevator to cost at least \$5,000.

The chief claim to necessity for the proposed line, relied upon by the applicant, is the length of the haul which must now be made by the farmers to reach a railroad. The facts of record develop that the construction and operation of the proposed railroad would lessen the haul to rail transportation by 5 miles or more in

a relatively small area only. This area is naturally suitable for and given over to the production of wheat; it is all under cultivation and fully developed. The record, therefore, does not indicate that past and present conditions have discouraged production, or that production will or can be materially influenced by the construction and operation of the proposed line. The fundamental objection to the proposal is that the traffic which may reasonably be expected is inadequate to support the project. Moreover, the estimate of the cost of construction, if reliable, does not indicate that a line of railroad is contemplated which will be well constructed or which may be economically operated. The financial plan under which the communities involved will pay more than half of the cost does not indicate a great degree of confidence, on the part of the promoters, in a substantial profit from operation. Our conclusion is that the record does not develop an economic justification for the proposed line nor does it indicate reasonable prospect of a substantial return on the estimated investment.

Upon the facts presented we are unable to find that the present or future public convenience and necessity require the construction of the line as proposed by the applicant. An order will be entered denying the application.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application herein be, and it is hereby, denied.

FINANCE DOCKET No. 1212.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 14, 1921. Decided April 4, 1921.

Certificate issued authorizing the Atchison, Topeka & Santa Fe Railway Company to operate a line of railroad in Oklahoma.

Lee F. English for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Atchison, Topeka & Santa Fe Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter called the applicant, filed an application for a certificate that the public convenience and necessity require the operation by it, pursuant to a lease dated April 7, 1920, of the property of the Buffalo Northwestern Railroad Company, a noncompeting carrier, which includes 52.5 miles of railroad, extending from a point of connection with the main line of the applicant at Waynoka, Woods county, through Woodward county, to Buffalo, Harper county, all in the state of Oklahoma.

Upon receipt of the application notice of the filing thereof was given to the governor of the state of Oklahoma, and like notice was published for three consecutive weeks in a newspaper of general circulation in each county in or through which the line of railroad to be operated by the applicant is situated. No objection having been offered by the authorities of Oklahoma to the granting of the application, the case was submitted upon the return to our questionnaire, without formal hearing.

The line of railroad in question was completed in 1920. It passed through a receivership and was purchased by the Buffalo Northwestern Railroad Company for a consideration of \$150,000, par value, of capital stock, title passing free and clear of all incumbrance except first-mortgage bonds aggregating \$130,000.

The lease of the line to the applicant was made by the Buffalo Northwestern Railroad Company on April 7, 1920, but the operation of the line by the applicant was not undertaken prior to May 28, 1920. The lease provides that the lessee shall bear all maintenance

and other operating charges, including the necessary expense of maintaining the corporate organization of the lessor, and that at its termination the lessor shall reimburse the lessee for additions and betterments made by the lessee during the term of the lease.

All of the capital stock of the Buffalo Northwestern Railroad Company, except qualifying shares held by the directors, was acquired by the applicant prior to the making of the lease.

The principal industries of the communities served by the Buffalo Northwestern are farming and stock raising. There are 11 elevators, two lumber yards, and a salt plant on the line. Tributary to it are 35,000 acres of growing wheat and 5,000 acres to be planted in other grains; also, drilling for oil has been started in the contiguous territory. Since October 1, 1920, the originating outbound traffic consisted of 115 carloads of wheat, 70 carloads of live-stock, 3 carloads of broom corn, and 3 carloads of other products, total, 191 carloads; and the inbound traffic consisted of 19 carloads of coal, 17 carloads of building materials, 7 carloads of stone, 14 carloads of lumber, 7 carloads of live stock, and 40 carloads of miscellaneous merchandise, total, 104 carloads.

During the six months ended December 31, 1920, the earnings from local passenger business amounted to \$7,392.93. The freight earnings accruing to the applicant's system of railroad from the traffic originating on or destined to the line of the Buffalo Northwestern Railroad Company amounted to \$138,351.46. The amount of earnings accruing to the applicant's system of railroad from passenger business originating on or destined to the line of the Buffalo Northwestern Railroad is not available. The applicant's estimate of the tonnage for the current year is 40,000 tons of grain and live stock and 5,000 tons of miscellaneous freight, with prospects of increase in volume in the future.

The applicant states that the continued independent operation of the Buffalo Northwestern Railroad would require separate operating organization, separate rolling stock, separate accounting, and other separate functions which would increase the operating expense of the line without compensating advantages to the public; that the applicant has ample organization and equipment to operate the property, and that operation by the applicant would eliminate duplication and effect economies which, since the lines involved are not competitive, will be in the public interest.

Upon the facts presented we find that the present and future public convenience and necessity require that the applicant operate the property of the Buffalo Northwestern Railroad Company as requested in the application. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been made, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the operation by the Atchison, Topeka & Santa Fe Railway Company of the line of railroad owned by the Buffalo Northwestern Railroad Company in the counties of Woods, Woodward, and Harper, state of Oklahoma;

It is ordered, That the Atchison, Topeka & Santa Fe Railroad Company be, and it is hereby authorized, to operate said line of railroad;

It is further ordered, That the Atchison, Topeka & Santa Fe Railway Company, when filing schedules establishing rates and fares to and from points on said line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

67 I. C. C.

FINANCE DOCKET No. 137.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
ETTRICK & NORTHERN RAILROAD COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided April 6, 1921.

1. The Ettrick & Northern Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Ettrick & Northern Railroad Company, under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$11,410.94, from which there is deductible an amount of \$3,308.96 due from said Ettrick & Northern Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

M. T. Pederson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Ettrick & Northern Railroad Company, a corporation of the state of Wisconsin, hereinafter termed the carrier, is a steam railroad company which, during the federal-control period, engaged as a common carrier in general transportation, operating between Blair and Ettrick, Wis., a distance of approximately 10 miles, its lines connecting at Blair with the Green Bay & Western Railroad, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920. It commenced operations on January 20, 1919.

The carrier is subject to the provisions of section 204 from the commencement of operations on January 20, 1919, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal-control period. The return of the carrier under our circular of March 4, 1920, indicated that its deficit in railway operating income for the period January 20, 1919, to February 29, 1920, inclusive, was \$13,349.17, whereas our examination of the accounts shows the correct amount for that period to be \$11,410.94. The operated mileage during the federal-control period was approximately 10 miles.

We find a net amount of \$11,410.94 due the carrier under section 204 in reimbursement of deficits during federal control, from which

there is deductible an amount of \$3,308.96 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued, and certificate No. B-25 in the amount of \$10,011.88, issued on the 18th day of September, 1920, in favor of the carrier in reimbursement of deficits under section 204 of the transportation act, 1920, which certificate was not honored by the Secretary of the Treasury, will be canceled.

Certificate No. B-37 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Ettrick & Northern Railroad Company, hereinafter termed the carrier, is a corporation of the state of Wisconsin, and is a carrier as defined in section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the Ettrick & Northern Railroad Company is \$11,410.94. The Commission hereby certifies that it has this date canceled its certificate No. B-25 dated September 18, 1920, in favor of the carrier.

2. The Commission also certifies that the amount due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness is \$3,308.96, and that the amount payable under said section 204 to the carrier, after deducting the amount due from the carrier to the President, is \$8,101.98.

Dated this 6th day of April, 1921.

67 I. C. C.

FINANCE DOCKET No. 219.
IN THE MATTER OF FINAL SETTLEMENT WITH THE
SHEARWOOD RAILWAY COMPANY UNDER SECTION
204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 6, 1921.

1. The Shearwood Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Shearwood Railway Company under the provisions of paragraphs (f) and (g) of section 204, less the amount of payment under certificate No. B-9, dated June 25, 1920, is ascertained to be \$1,758.28, from which no amount is deductible as due from said Shearwood Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness. Certificate issued.

J. N. Shearouse for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Shearwood Railway Company, a corporation of the state of Georgia, hereinafter termed the carrier, is a steam railroad company which, during the federal-control period, engaged as a common carrier in general transportation, operating between Hagan and Egypt, Ga., a distance of approximately 38 miles, its lines connecting at Egypt with the Central of Georgia Railway and at Hagan with the Seaboard Air Line Railway, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 25, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 26, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the Director General. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period June 26, 1918, to February 29, 1920, inclusive, of \$10,962.85, whereas our examination of the accounts shows the correct amount for that period to be \$11,298.61. The average mileage of road operated was 34.5 miles during the federal-control period and 15 miles during the test period.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we have fixed the maintenance allowance at the amount claimed by the carrier.

We find a net credit of \$11,298.61 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$1,258.02 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness.

Under date of June 25, 1920, the Commission issued its certificate No. B-9 for a partial payment to the carrier in the sum of \$9,540.33, which certificate also stated the amount due from the carrier to the President on account of traffic balances and other indebtedness, to be \$1,258.02. We find that a net amount of \$1,758.28 is due the carrier under section 204, in reimbursement of deficits during federal control, from which no amount is deductible as due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-36 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained that the Shearwood Railway Company, a carrier as defined in said section 204, sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the full amount payable to the said Shearwood Railway Company, including any and all amounts previously certified under said paragraphs, as hereinafter described, is \$11,298.61.

The Commission hereby certifies that its certificate No. B-9 was issued on June 25, 1920, which certified to the Secretary of the Treasury of the United States a payment of \$9,540.33 in favor of the Shearwood Railway Company, subject to a deduction of \$1,258.02

67 I. C. C.

due from the Shearwood Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

The Commission hereby certifies that the amount now payable to the said Shearwood Railway Company under the provisions of paragraphs (f) and (g) of said section 204, less the amount of said payment under its certificate No. B-9 dated June 25, 1920, is \$1,758.28.

Dated this 6th day of April, 1921.

67 L. C. C.

FINANCE DOCKET No. 1277.

IN THE MATTER OF THE APPLICATION OF THE LOUISIANA & ARKANSAS RAILWAY COMPANY FOR AUTHORITY TO ISSUE EQUIPMENT NOTES.

Submitted April 1, 1921. Decided April 6, 1921.

Authority granted to issue equipment notes amounting to \$66,000, in connection with the acquisition of certain equipment.

A. L. Burford for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Louisiana & Arkansas Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue equipment notes, series G, in the aggregate amount of \$66,000.

Under an equipment-trust agreement, dated February 1, 1921, the applicant will procure 25 Hart convertible coal and ballast cars to be numbered 6,000 to 6,024, inclusive. This equipment will be acquired by the trustee under the trust agreement from the Rodger Ballast Car Company, according to the designation of the applicant. The equipment will then be sold and delivered to the applicant at an aggregate cost of \$81,750, of which \$15,750 is to be paid upon the delivery of the cars. The remainder, amounting to \$66,000, is to be covered by equipment notes, series G, to be issued as provided in the equipment-trust agreement. There will be 66 of these notes, each for \$1,000. They will mature in installments of \$11,000, on the 1st day of April and of October, beginning with October 1, 1921, and ending with April 1, 1924. Each of the notes will be dated April 1, 1921, and will be payable to bearer with interest from April 1, 1921, until paid, at the rate of 6 per cent per annum.

The equipment-trust agreement provides that the title to the equipment shall remain in the trustee for the benefit of the holders of the equipment notes until the applicant shall have paid the notes with interest and performed all its other obligations imposed by the trust agreement with respect to the equipment.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce

act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of equipment notes, series G, by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Louisiana & Arkansas Railway Company be, and it is hereby, authorized to issue equipment notes, series G, in an aggregate amount not exceeding \$66,000; said notes to be dated April 1, 1921, to be in the face amount of \$1,000 each, to be payable to bearer with interest from April 1, 1921, until paid, at the rate of 6 per cent per annum, payable on the 1st day of April and of October in each year, and to be numbered from 1 to 66, inclusive, and to mature serially, at intervals of six months, beginning October 1, 1921, and ending April 1, 1924; said notes to be substantially in the form set forth in the equipment-trust agreement between the applicant and the Guaranty Trust Company of New York, dated February 1, 1921, and to be delivered at par to said trust company in connection with the procurement of 25 Hart convertible coal and ballast cars, as set forth in the application.

It is further ordered, That said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, except as herein authorized, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall within 10 days thereafter report to the Commission all pertinent facts relating to (1) the issue and sale of said equipment notes, series G, and (2) the payment and satisfaction thereof; such reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1116.

IN THE MATTER OF THE APPLICATION OF THE SPOKANE & BRITISH COLUMBIA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted April 5, 1921. Decided April 7, 1921.

Certificate issued authorizing the Spokane & British Columbia Railway Company to abandon its railroad in the state of Washington.

Ira Bronson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Spokane & British Columbia Railway Company, a carrier by railroad subject to the interstate commerce act, on November 30, 1920, filed an application for a certificate authorizing it to abandon its line of railroad in Ferry county, state of Washington.

Upon receipt of the application, notice of the filing thereof was given to, and a copy filed with, the governor of the state of Washington, the only state in which the line proposed to be abandoned is located, and like notice was published for three consecutive weeks in a newspaper of general circulation in the county in which the railroad in question is situated. The Public Service Commission of Washington on its own motion held a public hearing in order to obtain the facts upon which to formulate its recommendations in the matter, and all communities and interests affected were given opportunity to be heard. As the result of its investigation, that commission has recommended that the application be granted. There is no objection of record on the part of any community or interest affected by the proposed abandonment.

The line in question, which is the entire railway line of the applicant and extends from Danville to Republic, Wash., 36.30 miles, was built and placed in operation in 1903, primarily for the purpose of serving certain mining properties at Republic, which was then about 40 miles from any line of railroad. Before operation was begun, however, a parallel line was built by the Great Northern Railroad Company, passing through the same communities and not more than 2 miles distant, at any point, from applicant's line. This com-

peting road was able to give direct connection to Spokane by a haul of 178 miles, as compared with applicant's haul of 379 miles by way of its connections in Canada. Partly by reason of this competition and partly because the output of some of the mines has not fulfilled early expectations, the applicant has never obtained sufficient traffic to support its line. The only interests served by the applicant which are not also served by its competitor are three mines, which the latter would be able to reach by the construction of a short spur track. These mines are now reached by the latter over the applicant's track, and it is stated that some arrangement will be made to transfer the right of way, and possibly that portion of track itself, to the Great Northern Railroad.

For the year 1918 applicant's total passenger revenues amounted to \$271.75 and only 13,142 tons of freight were handled, of which 13,038 tons consisted of ores and forest products. In 1919 the total operating revenues were \$9,382, while the operation expenses were \$42,193. Operating expenses have exceeded operating revenues in every year since 1909, and for the entire period from June 30, 1909, to December 31, 1919, the operating ratio was 258.2 per cent. The applicant is insolvent, but current indebtedness, it is stated, will be provided for by those in charge of its liquidation.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the line in question, as prayed for in the application. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Spokane & British Columbia Railway Company of its line of railroad in Ferry county, Washington.

It is ordered, That the Spokane & British Columbia Railway Company be, and it is hereby, authorized to abandon its line of railroad.

It is further ordered, That the Spokane & British Columbia Railway Company, when filing schedules canceling rates applicable to its line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1226.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & ALTON RAILROAD COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK.

Submitted February 28, 1921. Decided April 7, 1921.

1. Authority granted to issue (a) three shares of cumulative 4 per cent prior-lien and participating stock in exchange for one share of the preferred stock of the old Chicago & Alton Railroad Company; and (b) not exceeding 1,750 shares of cumulative 4 per cent prior-lien and participating stock in exchange for 875 shares of common stock of the old Chicago & Alton Railroad Company.
2. Authority granted to issue not exceeding 514 shares of noncumulative preferred stock in exchange for a like number of shares of the preferred stock of the Chicago & Alton Railway Company.
3. Authority granted to issue not exceeding 45 shares of common stock in exchange for a like number of shares of common stock of the Chicago & Alton Railway Company.

Silas H. Strawn for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago & Alton Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied for authority under section 20a of the interstate commerce act to issue (1) 1,753 shares of its cumulative 4 per cent prior-lien and participating stock; (2) 514 shares of its noncumulative 4 per cent preferred stock; and (3) 45 shares of its common stock, in exchange for other stock as hereinafter set forth.

The Chicago & Alton Railroad Company, herein called the old Chicago & Alton Railroad Company to distinguish it from the applicant, and the Chicago & Alton Railway Company, entered into articles of consolidation dated March 8, 1906, consolidating and merging their properties and franchises, the name taken by the consolidated company being The Chicago and Alton Railroad Company. The shares of stock of both of these companies are of the par value of \$100.

The consolidated company is the applicant in this proceeding. Its authorized capital stock, amounting to \$40,000,000, consists of 8,993 shares of cumulative 4 per cent prior-lien and participating stock,

195,579 shares of noncumulative 4 per cent preferred stock, and 195,428 shares of common stock; in all, 400,000 shares of the par value of \$100 each. Provision was made in the articles of consolidation for the issue of the applicant's stock in exchange for certain stock of the old Chicago & Alton Railroad Company and of the Chicago & Alton Railway Company.

One share of the preferred stock of the old Chicago & Alton Railroad Company is outstanding. By the terms of the articles of consolidation it is exchangeable for three shares of prior-lien and participating stock of the applicant. Of the common stock of the old Chicago & Alton Railroad Company 875 shares are outstanding. According to the articles of consolidation, these shares are exchangeable for 1,750 shares of the prior-lien and participating stock of the applicant, being at the rate of one share of the former for two shares of the latter. Preferred stock of the Chicago & Alton Railway Company amounting to 514 shares is outstanding. This is exchangeable, share for share, for 514 shares of the noncumulative preferred stock of the applicant. There are 45 shares of the common stock of the Chicago & Alton Railway Company outstanding, which are exchangeable, share for share, for a like amount of the common stock of the applicant.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issues of capital stock by the applicant (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & Alton Railroad Company be, and it is hereby, authorized to issue (1) three shares of its cumulative 4 per cent prior-lien and participating stock in exchange for one share of the preferred stock of the old Chicago & Alton Railroad Company, which is now outstanding; (2) not exceeding 1,750 shares of its cumulative 4 per cent prior-lien and participating stock in exchange for 875 shares of common stock of the old Chicago & Alton Railroad Company, which are now outstanding, at the rate of two shares of the former for one share of the latter; (3) not exceeding 514 shares of its noncumulative preferred stock in exchange, share for share, for a like number of shares of preferred stock of the Chicago & Alton Railway Company, which are now outstanding; and (4) not exceeding 45 shares of its common stock in exchange, share for share, for a like number of shares of the common stock of the Chicago & Alton Railway Company, which are now outstanding; as and when certificates representing shares of stock of the old Chicago & Alton Railroad Company or the Chicago & Alton Railway Company are received in exchange for stock herein authorized to be issued, said certificates are to be canceled.

It is further ordered, That, except as herein authorized, said cumulative 4 per cent prior-lien and participating stock, said noncumulative preferred stock, and said common stock of the applicant, shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each period of six months thereafter, within 30 days after the close of such periods, report to the Commission all pertinent facts relating (1) to the issue of stock as herein authorized, and (2) to the cancellation of certificates representing stock received in exchange therefor; such reports to be in writing, signed, and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

FINANCE DOCKET No. 1189.

IN THE MATTER OF THE APPLICATION OF THE
RECEIVER OF THE WICHITA FALLS & NORTHWEST-
ERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE
AND PLEDGE RECEIVER'S CERTIFICATES.

Submitted March 29, 1921. Decided April 8, 1921.

Authority granted (1) to issue receiver's certificates in such amount as not to exceed the indebtedness from applicant to the United States arising out of federal control, to be ascertained and funded under section 207 of the transportation act, 1920; and (2) to pledge said certificates with the Director General of Railroads as collateral security for any note or notes and/or other evidence of indebtedness, by which said funding shall be accomplished.

Joseph M. Bryson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

Charles E. Schaff, receiver of the Wichita Falls & Northwestern Railway Company, acting as a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act (1) to issue certificates equal in amount to the indebtedness of the applicant to the United States arising out of federal control and determinable under section 207 of the transportation act, 1920; and (2) to pledge said certificates with the Director General of Railroads as collateral security in connection with the funding of such indebtedness.

The applicant was appointed receiver of the railway, property, and assets of the Wichita Falls & Northwestern Railway Company by the district court of the United States for the western district of Oklahoma on May 29, 1917, in consolidated cause in equity No. 4564. The road was under federal control from December 28, 1917, to March 1, 1920.

The applicant's net indebtedness to the United States arising out of federal control has not yet been determined. A tentative statement of account submitted with the application shows a balance of \$311,816.23 due to the Director General. The applicant submits that he is unable to pay his indebtedness to the United States, stating that it is necessary to use all income received by him for operation and maintenance.

The receiver, by direction of the court, applies for authority to execute certificates of indebtedness to the United States as and when the amount thereof shall have been ascertained. These certificates are to be delivered to the Director General and held by him as security for the payment of such indebtedness. The certificates are to be issued in denominations of \$1,000 or multiples thereof, and it is represented that they are to constitute a lien prior and superior in all respects to all existing mortgage liens. The Director General of Railroads has signified his concurrence in the application to us for authority to pledge these certificates.

The receiver is the officer of the court and is acting under the authority of the court. While it is within our province to give the authorization and consent under section 20a of the interstate commerce act, it is not to be understood that by giving such authority we pass upon or in any wise determine or affect the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens.

The application was made under oath, signed, and filed by the receiver in accordance with authority conferred on him by an order of court, dated December 23, 1920. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Oklahoma, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Corporation Commission on any other authority of that state.

Without passing on the nature of the lien enjoyed thereby, we find that the proposed issue and pledge of certificates by the applicant (a) are for a lawful object within his duly authorized purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by him of service to the public as a common carrier, and which will not impair his ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That Charles E. Schaff, receiver of the Wichita Falls & Northwestern Railway Company, be, and he is hereby, authorized

67 I. C. C.

(1) to issue in conformity with the order of the district court of the United States for the western district of Oklahoma, made in consolidated cause in equity No. 4564, and in cause in equity No. 234, dated December 23, 1920, and as authorized thereby, certificates of indebtedness in an amount not to exceed the indebtedness from him, as receiver, to the United States, arising out of federal control, to be ascertained and funded under the provisions of section 207 of the transportation act, 1920; such certificates to be in denominations of \$1,000, or multiples thereof, to be payable to bearer with interest from date at the rate of 6 per cent per annum, and to mature March 1, 1930; and (2) to pledge said certificates with the Director General of Railroads as collateral security for any note or notes, and/or other evidence of indebtedness, by which said funding shall be accomplished.

It is further ordered, That said receiver's certificates shall not be sold, pledged, repledged, or otherwise disposed of by said receiver or his successor in interest, except as herein authorized, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall file with the Commission within 10 days after the execution thereof properly verified copies of the note or notes, and/or other evidence of indebtedness, by which said receiver's indebtedness to the United States, arising out of federal control, is to be funded in accordance with the provisions of section 207 of the transportation act, 1920.

It is further ordered, That the applicant shall report to the Commission within 10 days thereafter all pertinent facts relating to (1) the issue of said certificates, including the serial number and denomination of each such certificate and the total principal amount of certificates so issued; (2) the pledge of said certificates as herein authorized; and (3) their release from pledge; said reports to be signed by the applicant and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any representation, guaranty, or obligation as to said certificates, or the interest thereon, or the rights thereunder, on the part of the United States.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE ADDITIONS AND BETTERMENTS.

Approved April 9, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

Amendment to Certificate No. 79.

The Interstate Commerce Commission hereby amends its certificate No. 79, of March 25, 1921, to the Secretary of the Treasury for a loan of \$1,451,500 to the Seaboard Air Line Railway Company, by changing subparagraphs (b) and (d) of paragraph 5 of said certificate No. 79 to read, respectively, as follows:

(b) The loan shall be secured by the execution and delivery to the Secretary of the Treasury of instruments of pledge substantially in the forms shown by exhibit A and exhibit B, respectively, hereto attached and made a part hereof.¹

(d) The applicant may repay all or any portion of the loan before maturity. When and as any repayment is made upon said loan or upon any part thereof the collateral security shall be released as provided in the instruments of pledge, referred to in subparagraph (b) of paragraph 5 hereof.

Done at Washington, D. C., this 9th day of April, 1921.

¹ On file with the Commission, but omitted from printed report.

FINANCE DOCKET No. 1132.

IN THE MATTER OF THE APPLICATION OF THE FREDERICKSBURG & NORTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE A NOTE.

Submitted February 8, 1921. Decided April 9, 1921.

Authority granted to issue, under date of January 1, 1921, a two years' promissory note for \$36,935.57 with interest at the rate of 6 per cent per annum and payable to the order of J. L. Browne.

A. W. Moursund for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Fredericksburg & Northern Railway Company, a common carrier by railroad engaged in interstate commerce, applies for authority, under section 20a of the interstate commerce act, to issue, under date of January 1, 1921, its promissory note, payable to the order of J. L. Browne, for \$36,935.57, to cover certain advances made to it and interest thereon to that date.

Prior to January 1, 1918, the applicant acquired the property of the San Antonio, Fredericksburg & Northern Railway Company. The tracks and bridges of the line thus acquired had so deteriorated that the substantial rebuilding thereof was necessary to the continued operation of the road. As the applicant lacked funds for this purpose and was operating at a loss, cash advances were made to it from time to time during 1918, 1919, and 1920 by its directors and stockholders, through J. L. Browne, its president, to purchase ties and timbers and for current expenses. These advances were carried in open account, it being expected to repay out of operating revenues during the next good season. The applicant, however, operates wholly in an agricultural region, and drought and business depression have prevented such payment. It is not anticipated that the revenues of the present year, or perhaps of the next year, will be sufficient to make such payment possible. It is therefore proposed to issue the note as evidence of, and security for, the applicant's indebtedness to the directors and stockholders and for a principal amount equal to the aggregate amount of the advances and the interest accrued thereon to January 1, 1921.

The issue of the note will not increase the applicant's liabilities, nor will it materially increase the interest charges thereon. The proposed note is to bear interest at the rate of 6 per cent per annum, the same rate for which the applicant is liable on the open accounts; and it will be issued without expense to the applicant.

The proposed note, together with the applicant's other outstanding notes of a maturity of two years or less, will aggregate more than 5 per cent of the par value of its outstanding securities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Texas, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Railroad Commission or any other authority of that state.

We find that the proposed issue of said note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Fredericksburg & Northern Railway Company be, and it is hereby, authorized to issue, under date of January 1, 1921, its promissory note for \$36,935.57, bearing interest at the rate of 6 per cent per annum, and payable to the order of J. L. Browne not later than two years after its date; said note to be in the form submitted with the application and to be used solely for the purpose of covering advances made to the applicant by certain of its directors and stockholders to enable it to pay for ties and timbers used in rebuilding its track and bridges and for current expenses, together with accrued interest thereon.

It is further ordered, That, except as herein authorized, said note shall not be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That the applicant within 10 days thereafter report to the Commission all pertinent facts relating (1) to the issue of said note, and (2) to its payment or satisfaction; each of said reports to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or the interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1055.

IN THE MATTER OF THE APPLICATION OF THE FLEMINGSBURG & NORTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Approved April 12, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 84.

The Interstate Commerce Commission hereby amends its certificate No. 84, of March 23, 1921, for a loan of \$7,250 by the United States to the Flemingsburg & Northern Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by elimination of the concluding clause of paragraph 5 of said certificate No. 84, reading as follows:

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

Done at Washington, D. C., this 12th day of April, 1921.

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FINANCE DOCKET No. 1285.

IN THE MATTER OF THE APPLICATION OF THE FREDERICKSBURG & NORTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted April 8, 1921. Decided April 12, 1921.

Authority granted to issue promissory notes in the aggregate amount of \$12,500 in connection with the procurement of one locomotive.

A. W. Moursund for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Fredericksburg & Northern Railway Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act to issue promissory notes in the aggregate amount of \$12,500.

By an agreement to be executed under date of January 25, 1921, the Georgia Car & Locomotive Company will lease and conditionally sell to the applicant one consolidation-type locomotive for \$12,500. The rental and conditional purchase payments covering the cost of the locomotive are as follows: \$2,500 on May 1, 1921, and \$1,000 on the first day of each month beginning June, 1921, and ending March, 1922. These payments will be represented by promissory notes, or lease warrants, to be issued by the applicant under date of January 25, 1921, and made payable to the Georgia Car & Locomotive Company, with interest from that date at the rate of 8 per cent per annum. Although the applicant is to have the physical possession and use of the locomotive, title thereto will not pass to it until it has made all the payments provided for in the agreement. Upon such payments being completed, the locomotive will become the property of the applicant without further conveyance or transfer.

By an agreement dated February 1, 1921, between the Georgia Car & Locomotive Company and the State National Bank of San Antonio, Tex., whereby the latter guaranteed payment of the Georgia Car & Locomotive Company's draft against the applicant for the full purchase price of the locomotive, the Georgia Car & Locomotive Company assigned to the State National Bank all its right, title, and interest in and to the locomotive, the contract of lease and conditional

sale, and the lease warrants or promissory notes to be issued thereunder.

The proposed notes, or lease warrants, and the applicant's other outstanding notes of a maturity of two years or less will aggregate more than 5 per cent of the par value of its outstanding securities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Texas, the only state in which the applicant operates. No objection to the granting of the application has been offered by the railroad commission or any other authority of that state.

We find that the proposed issue of promissory notes in the aggregate amount of \$12,500 by the applicant (*a*) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Fredericksburg & Northern Railway Company be, and it is hereby, authorized to issue under date of January 25, 1921, 11 promissory notes, or lease warrants, in the aggregate face amount of \$12,500, payable to the order of the Georgia Car & Locomotive Company, with interest from date at the rate of 8 per cent per annum, one of said notes or lease warrants to be in the face amount of \$2,500 and to be payable May 1, 1921, and the remaining 10 notes, or lease warrants, to be in face amounts of \$1,000, and to be payable serially, that is, one on the first day of each month beginning June 1, 1921, and ending March 1, 1922, said notes, or lease warrants, to be issued in pursuance of an agreement dated January 25, 1921, between the applicant and the Georgia Car & Locomotive Company, to be substantially in the form set forth therein, and to be used by the applicant solely in connection with the procurement of one locomotive as set forth in the application.

It is further ordered, That the applicant shall within 10 days thereafter, report to this Commission all pertinent facts relating to: (1) the issue of said notes, or lease warrants, as herein authorized, and (2) the final completion of their payment or satisfaction; such reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or lease warrants, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 97.

IN THE MATTER OF THE APPLICATION OF THE TEXAS
SHORT LINE RAILWAY COMPANY FOR AUTHORITY
TO ISSUE FIRST-MORTGAGE BONDS TO RETIRE MA-
TURING BONDS.

Submitted November 26, 1920. Decided April 13, 1921.

Issue of bonds as proposed not found to be compatible with the public interest.
Application denied.

Nat M. Crawford for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Texas Short Line Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$175,000 of its first-mortgage 5 per cent bonds, to mature November 1, 1940, and to use them for the purpose of refunding a like principal amount of its first-mortgage 5 per cent bonds maturing January 1, 1922, which are secured by applicant's mortgage or deed of trust, dated January 1, 1902, to the United States Mortgage & Trust Company.

It is proposed that the new bonds be issued under a mortgage or deed of trust to be made under date of November 1, 1920, by the applicant to the American Exchange National Bank of Dallas, Tex. They are to be dated as of November 1, 1920, and are to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of May and November. The applicant represents that the holders of the outstanding bonds have agreed to accept the new bonds in like principal amounts.

The railroad of the applicant is approximately 12 miles in length, extending from Grand Saline to Alba, Tex., and is located wholly in the state of Texas. The applicant has outstanding \$11,000 par amount of capital stock and \$175,000 par amount of bonds. It is seeking to refund these bonds, all of which are owned by four directors of the applicant, who also own 107 of the 110 shares of its outstanding stock. They purchased the bonds at an average of approximately 40 per cent of the par value thereof. The ratio of bonds to stock is approximately 16 to 1. The operating ratio for the year 1919 was 92 per

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cent, and the revenues of the applicant for the years 1918 and 1919 have been insufficient to pay its operating expenses and fixed charges.

The application was made under oath, signed, and filed on behalf of the carrier by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Texas, the only state in which the carrier operates. No objection to the granting of this application has been offered by the railroad commission or other authority of that state.

We are not convinced that the continuance of such heavy fixed charges is compatible with the interests of either the applicant or of the public, and the record discloses no facts tending to show that the prospective earnings or the operating ratio of the applicant will improve.

We find that the application of the Texas Short Line Railway Company has not been justified and that said application should be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered That the application be, and it is hereby, denied.

FINANCE DOCKET No. 956.

IN THE MATTER OF THE APPLICATION OF THE FERNWOOD, COLUMBIA & GULF RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted April 6, 1921. Decided April 14, 1921.

Application granted and loan of \$33,000 approved.

J. M. Fush for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Fernwood, Columbia & Gulf Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on August 26, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness and in providing itself with additions and betterments to way and structures. On September 16, 1920, and February 26, 1921, applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$33,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Maturities: Demand note dated January 1, 1919, payable to P. H. Enochs, for equipment.....	\$57,607.16	\$23,807.16	\$23,800
Additions and betterments: Passing track, cotton platforms, and culverts.....	9,976.20	5,776.20	4,200
Total.....	67,583.36	34,583.36	33,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$66,000 of applicant's first-mortgage 25-year 6 per cent bonds, due 1936, and the unrestricted guaranty and indorsement of applicant's president, F. B. Enochs.

6. That the extent to which the public convenience and necessity will be served is that granting the loan will enable the applicant to restore its credit and expedite the movement of freight-train cars, thus enabling the applicant properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as we deemed pertinent to the inquiry.

The American Short Line Railroad Association recommended a loan to the applicant of \$33,000 for the purposes as outlined in the application.

After investigation we find that the making of the proposed loan by the United States for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

In consideration of the making of the loan the applicant offers to finance approximately 50 per cent of the cost of the additions and betterments. The certificate will provide that the applicant shall meet its obligations in this regard, in default of which the entire loan for additions and betterments shall become due and payable.

An appropriate certificate will be issued.

Certificate No. 87 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$33,000 by the United States to the Fernwood, Columbia & Gulf Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the

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applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, and in providing itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$33,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$66,000, principal amount, of applicant's first-mortgage 25-year 6 per cent bonds, due 1936, issued under a deed of trust dated May 1, 1911, executed by the applicant to the Interstate Trust & Banking Company of New Orleans, as trustee. Said bonds are in definitive coupon form, having coupon due May 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1 to 66, inclusive.

(b) The loan shall be further secured by the unrestricted indorsement and guaranty as to both principal and interest of F. B. Enochs, of Fernwood, Miss., now the applicant's president. The said indorsement and guaranty may be substantially as hereinbelow set forth:

For value received, I, F. B. Enochs, hereby indorse and unconditionally guarantee to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$----- with interest, when and as the same shall become due and payable, whether at maturity, or by declaration, or otherwise, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of said obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities, pledged or held as collateral security for the payment of said note and/or interest thereon, unless and until said note and all interest thereon and expenses thereof are paid in full.

In Witness Whereof, I, F. B. Enochs, have hereunto subscribed my name and affixed my seal this ----- day of -----, 1921.

----- [L. s.]

Witness-----

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall

remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 21st day of April, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 8 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for purposes for which the loan is made, or the entire loan shall be repaid to the United States, on or before July 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 26th day of April, 1921.

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FINANCE DOCKET No. 935.

IN THE MATTER OF THE APPLICATION OF THE
CHESAPEAKE & OHIO RAILWAY COMPANY FOR A
LOAN FROM THE UNITED STATES TO ENABLE IT TO
PROVIDE EQUIPMENT AND OTHER ADDITIONS AND
BETTERMENTS.

Submitted March 29, 1921. Decided April 15, 1921.

Application granted in part and loan of \$5,338,000 approved.

C. E. Graham and A. C. Rearick for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to provide itself with equipment and other additions and betterments. On June 19, 1920, and February 16, 1921, the applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$13,538,644.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment.....	\$3,200,000	.....	\$3,200,000
Additions and betterments to way and structures.....	6,356,736	\$500,414	5,338,644
Total.....	14,556,736	1,018,092	13,538,644

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-lien and improvement mortgage 20-year 5 per cent gold bonds, due 1930, and United States government $4\frac{1}{2}$ per cent fourth liberty loan bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to acquire additional equipment and other needed additions and betterments to facilitate the movement of traffic.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

That part of the application in respect of equipment was disposed of by our certificate No. 50, of December 14, 1920, to the Secretary of the Treasury.

The Association of Railway Executives recommended a loan to the applicant of \$4,750,000 for additions and betterments to way and structures.

After investigation, we find that the making of the proposed loan by the United States, in even thousands of dollars, for the purposes and in the amounts hereinbelow set forth—

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
New second and third track	\$987,300	.....	.....
Additional yard tracks and sidings	1,753,803	.....	.....
Revision of main line	400,000	.....	.....
Track to company's fuel mine	27,373	.....	.....
Additional tracks to industrial plants	66,800	.....	.....
Signals and interlocking (including some track work)	100,308	.....	.....
Replacing bridges and trestles	146,627	.....	.....
Water stations and treating plants	302,029	.....	.....
Coal and cinder handling plants	313,170	.....	.....
Coal crushers	12,750	.....	.....
New enginehouses and additions and improvements to present ones	731,280	.....	.....
Boiler-washing and filling plants	99,100	.....	.....
Turntables	272,411	.....	.....
Shop buildings	377,675	.....	.....
Shop machinery and tools	387,980	.....	.....
Power plants for shops	276,035	.....	.....
Track changes and miscellaneous work connected with shops and enginehouses	63,710	.....	.....
Extension of substation for coal pier No. 9	5,730	.....	.....
Two legs for grain elevator	11,000	.....	.....
Land for extension of freight house at Peru	7,218	.....	.....
Shed over platform of freight house at Richmond, Va.	4,360	.....	.....
Drainage at end of Big Bend Tunnel	2,500	.....	.....
Electric crossing bells at Louisa, Va.	4,009	.....	.....
Telephone circuit at Richmond, Va.	363	.....	.....
Motor cars for track forces	1,374	.....	.....
Track-laying machines	1,840	.....	.....
Total	6,356,736	\$1,018,736	5,338,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other

obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

In consideration of the making of the loan, the applicant offers to finance part of the cost of the additions and betterments. The certificate will provide that the applicant shall meet its obligations in this regard, in default of which, the entire loan shall become due and payable.

An appropriate certificate will be issued.

Certificate No. 85 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$5,338,000 in four parts as hereinafter set forth, to the Chesapeake & Ohio Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$5,338,000.

4. That the time from the making thereof within which each part of the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be made in four equal parts, and shall be secured when and as the parts thereof are made by the pledge, pro rata, of \$6,674,000, principal amount, of applicant's first-lien and improvement mortgage, 20-year series-A 5 per cent gold bonds, due 1930, issued under an indenture of mortgage and deed of trust, dated December 1, 1910, executed by applicant to the United States Mortgage & Trust Company of New York and William H. White, as trustees. Said bonds are in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series and same aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared. Said temporary bonds are in the denominations, aggregate principal amounts, and are numbered as follows:

Bonds.	Number of bonds.	Denomination.	Principal amount.
No. 110.....	1	.....	\$296, 000
No. 111.....	1	.....	1, 039, 000
Nos. 112 to 161.....	50	\$100, 000	5, 000, 000
Nos. 162 to 194.....	33	10, 000	330, 000
Nos. 212 to 220.....	9	1, 000	9, 000
Total.....			6, 674, 000

(b) The applicant shall have the right, provided authority therefor shall have been first obtained from the Interstate Commerce Commission in accordance with law, to extend the maturity of the said first-lien and improvement mortgage 20-year 5 per cent gold bonds, to a date not later than April 1, 1946, upon the terms and otherwise as set forth in section 5 of article 6 of the trust indenture, dated April 1, 1916, between the applicant and the Central Trust Company of New York (now Central Union Trust Company of New York), trustee, securing \$40,180,000 face amount of applicant's 5 per cent convertible 30-year secured gold bonds, provided that at the same time all other of said first-lien and improvement mortgage bonds then issued and outstanding be likewise extended.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any portion of the loan before maturity. When and as repayment is made on any part of the loan, the collateral securing that part of the loan shall be released proportionately.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 15th day of March, 1921, filed with the Interstate Commerce Com-

mission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 16th day of April, 1921.

67 I. C. C.

FINANCE DOCKET No. 1056.

IN THE MATTER OF THE APPLICATION OF THE
BANGOR & AROOSTOOK RAILROAD COMPANY FOR A
LOAN FROM THE UNITED STATES TO AID IN PROVID-
ING EQUIPMENT.

Submitted March 12, 1921. Decided April 15, 1921.

Application granted and loan of \$53,100 for the purchase of equipment through the National Railway Service Corporation approved.

Percy R. Todd for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Bangor & Aroostook Railroad Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on February 9, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with equipment.

The National Railway Service Corporation, a corporation of the state of Maryland, hereinafter referred to as the corporation, on September 23, 1920, made application to us for a loan for the purpose of aiding the applicant in providing itself with equipment aforesaid.

The applicant, by resolution of its board of directors, approved the making of the loan in respect of equipment to or through the corporation.

In its application the applicant sets forth:

1. That the amount of the loan desired is \$58,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with equipment as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
One wrecking outfit.....	\$45,000	.....	.....
30 Hart convertible ballast and coal cars.....	100,000	.....	.....
Total.....	145,000	\$87,000	\$58,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's consolidated refunding mortgage 4 per cent gold bonds, due July 1, 1951.

6. That the extent to which the public convenience and necessity will be served by the loan is that the movement of traffic will be expedited and congestions and delays prevented.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation and informal hearings, we find that the making in part of the proposed loan for equipment, as hereinbelow set forth:

Purposes.	Cost.	Financed by applicant.	Loan by United States.
One wrecking outfit.....	\$39,600	.....	.....
30 Hart convertible ballast and coal cars.....	93,150	.....	.....
Total.....	132,750	\$79,650	\$53,100

by the United States to the corporation, which is hereby approved as an organization for the purpose as most appropriate in the public interest, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for afore-said purposes from other sources.

One of the conditions of the loan will be that we may at any time examine the accounts and records of the corporation and may require the corporation to furnish us with annual or special reports.

The loan shall be secured by the pledge with the Secretary of the Treasury of (a) an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, issued in respect of contract No. 3, entered into by the applicant under the corporation's equipment-trust agreement, first series, conditional-sale basis; (b) \$100,000, principal amount, of applicant's consolidated refunding

mortgage 4 per cent gold bonds, due July 1, 1951; and (c) the unrestricted indorsement and guaranty of the applicant upon the obligation evidencing the loan.

An appropriate certificate will be issued.

Certificate No. 88 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$53,100 by the United States to the National Railway Service Corporation, hereinafter referred to as the corporation, an organization approved for the purpose as most appropriate in the public interest, to aid the Bangor & Aroostook Railroad Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, in providing itself with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the corporation and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$53,100.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years from May 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge with the Secretary of the Treasury, to be registered in his name, of an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, hereinafter referred to as deferred-lien certificates, issued in respect of contract No. 3 entered into by the applicant under an equipment-trust agreement, first series, conditional-sale basis, dated November 1, 1920, executed by the corporation to the Guaranty Trust Company of New York, as trustee, hereinafter referred to as the trust agreement. The deferred-lien certificates shall be substantially in the form as shown by exhibit A hereto attached¹ and shall be held subject to the provisions of subparagraph (d) of paragraph 5 hereof. Said trust agreement and said contract are in substantially the form as shown by exhibit B hereto attached.¹ Said deferred-lien certificates, which may be in temporary form exchangeable for definitive certificates when prepared, shall be sufficiently identified and authenticated to the Secretary of the Treasury by

¹ On file with the Commission, but omitted from printed report.

certification thereon by the Guaranty Trust Company of New York, as trustee, that said deferred-lien certificates are of the series described in said trust agreement and are issued in respect of said contract No. 3 entered into by the applicant under said trust agreement, and said certification shall be substantially in the form shown in exhibit A hereto attached.¹

(b) The loan shall be further secured by the pledge with the Secretary of the Treasury by the applicant of \$100,000, principal amount, of applicant's consolidated refunding mortgage 50-year 4 per cent gold bonds, due July 1, 1951, issued under an indenture of mortgage, dated July 1, 1901, executed by the applicant to the Old Colony Trust Company, of Boston, as trustee. Said bonds are in definitive coupon form, having coupon due July 1, 1921, and subsequent coupons attached, are in denomination of \$1,000 and are numbered 2778 to 2877, both inclusive.

(c) The loan shall be further secured by the unrestricted indorsement and guaranty of the applicant upon the obligation evidencing the loan. Said indorsement and guaranty may be substantially in the form shown by exhibit C hereto annexed and made a part hereof.¹

(d) The corporation may repay all or any part of the loan before maturity. When and as any part of loan shall be repaid, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the part of the loan repaid, and to the applicant a proportionate principal amount, as nearly as may be, of the securities described and identified in subparagraph (b) of paragraph 5 hereof. All payments of principal and interest upon said deferred-lien certificates shall be credited and applied, first, upon any interest due upon said loan and thereafter upon the principal thereof.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged together with any that may be hereafter pledged, or may have been heretofore pledged by the applicant as security for this loan or any other obligation of said applicant to the United States under section 210 of the transportation act, 1920, as amended, whether as principal, surety, guarantor, indorser, or otherwise, shall be applicable in like manner to secure the repayment of any and all of said loans and obligations, and to secure the performance of any obligations of guaranty or other contingent or conditional liability to the United States now or hereafter incurred with respect to any obligation under said section 210,

¹ On file with the Commission, but omitted from printed report.

and such securities shall be held by the Secretary of the Treasury for said purposes, until all of said loans, obligations, and liabilities of whatever sort are finally and completely released, paid, satisfied, and discharged. Provided, however, that so long as the applicant shall not be in default in the payment or performance of any of said obligations, said securities may be withdrawn or released as provided in subparagraphs (d) and (h) of paragraph 5 hereof.

(f) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any of the collateral described and identified in subparagraph (b) of paragraph 5 hereof, or upon any collateral pledged as additional security for the loan pursuant to subparagraph (e) of paragraph 5 hereof, and the holder of the obligation or obligations evidencing the loan shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(g) While and to the extent that deferred-lien certificates are held in pledge hereunder, the right reserved to the holders of said deferred-lien certificates under the trust agreement to authorize the investment or diversion of funds against which certain certificates of reimbursement are issued, and the right to authorize the release or substitution of collateral pledged with the trustee under said trust agreement, shall be exercised by the holder of such deferred-lien certificates pledged hereunder in accordance with the direction of the Interstate Commerce Commission.

(h) The corporation has agreed in an instrument in writing, dated the 14th day of April, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The Interstate Commerce Commission may, at any time, examine the accounts and records of the corporation and may require the corporation to file with the Commission annual or special reports; and (2) upon certification by the Commission to the Secretary of the Treasury there may be released from time to time to the applicant a principal amount of any or all of the securities identified and described in subparagraph (b) of paragraph 5 hereof, as the Commission may determine. In event the Commission shall certify to the Secretary of the Treasury that the corporation has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable; and the Secretary of the Treasury

shall release to the applicant any securities which may be certified by the Commission for release pursuant to paragraph 2 of said instrument.

6. That the prospective earning power of the applicant and the corporation, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of repayment of the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant and the corporation, in the opinion of the Commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 15th day of April, 1921.

FINANCE DOCKET No. 1117.

IN THE MATTER OF THE APPLICATION OF THE FERNWOOD, COLUMBIA & GULF RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING - MORTGAGE BONDS.

Submitted February 16, 1921. Decided April 15, 1921.

Authority granted to issue not exceeding \$200,000 of refunding-mortgage bonds.

Garner W. Green and Marcellus Green for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Fernwood, Columbia & Gulf Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue and sell its refunding-mortgage bonds in the amount of \$200,000 and to use the proceeds of such sale in paying its indebtedness and in capitalizing its expenditures on new construction. Such bonds, though called refunding bonds, will be in effect second-mortgage bonds, there being outstanding \$500,000 of first-mortgage bonds, which are not to be refunded. The original application was for authority to issue bonds to the amount of \$300,000, but by amendment the amount was reduced to \$200,000.

These refunding bonds are to be issued under a deed of trust, a copy of which as proposed was filed with the application, to be dated January 1, 1921, and to be given by the applicant to the Interstate Trust & Banking Company, of New Orleans, La., trustee, to secure an authorized issue of \$300,000 of bonds. The \$200,000 of bonds now to be issued are to be dated January 1, 1921, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and of July, and to mature as follows: \$5,000 on the 1st day of January in each year from 1922 to 1931, inclusive, and the remainder on January 1, 1932.

The applicant proposes to sell the bonds at such a price that the total cost to it, including all expenses incident to the issue and sale, will not exceed 8 per cent per annum, and to use the proceeds thereof (1) to pay \$28,000 of the principal of an equipment note for \$57,-

607.16, (2) to pay the principal of a note for \$12,500 issued to purchase a locomotive, (3) to pay the principal of a note for \$31,600 issued to purchase rails used in constructing an extension, (4) to pay the principal of a note for \$26,700 issued to purchase land used for such extension, and (5) to capitalize part of its other expenditures for such extension as set forth in the application.

The proposed deed of trust will not cover any of the applicant's rolling stock or equipment. Its total investment in road owned is, however, represented to be \$805,002.98, of which \$205,002.98 may be said to be uncapitalized, since the aggregate par value of its outstanding capital stock is but \$100,000 and the aggregate of its outstanding first-mortgage bonds but \$500,000. The applicant desires to issue said \$200,000 of bonds against its uncapitalized investment in road and equipment. Its financial condition is such, however, that it should be permitted to issue said bonds only to the amount necessary to enable it to make the proposed payments to the holders of said notes, and to pay the amount of its indebtedness to other creditors on open account by reason of the construction of said extension; and that it should be required to use the proceeds of said bonds solely for the purpose of making said payments.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Mississippi, the only state in which the applicant operates. No objection to the granting of the application has been offered by the railroad commission or any other authority of said state.

We find that within the limits above stated, the proposed issue and sale of not more than \$200,000 of said bonds by the applicant (a) are for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

A hearing having been held in this proceeding and full investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Fernwood, Columbia & Gulf Railroad Company be, and it is hereby, authorized to issue, under date of January 1, 1921, its refunding-mortgage bonds in an aggregate amount not exceeding \$200,000, and not exceeding the amount necessary to enable it to make the payment specified in said report, and to sell the bonds at such price that the total cost to the applicant shall not exceed 8 per cent per annum on the proceeds thereof (exclusive of accrued interest, if any) actually received by it, including in such cost interest, discounts, attorney's fees, and all expenses of the preparation, execution, and sale thereof; said bonds to be coupon bonds substantially in the form submitted with the application, to be registrable as to principal, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and July, to mature as follows, \$5,000 on January 1 in each year from 1922 to 1931, inclusive, and the remainder on January 1, 1932, and to be issued under and pursuant to, and to be secured by, the proposed deed of trust from the applicant to the Interstate Trust & Banking Company, of New Orleans, La., a copy whereof has been filed in this proceeding and which is to be executed as of January 1, 1921.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That the applicant report to this Commission in writing, signed and verified by one of its executive officers having knowledge of the facts, all pertinent facts relating to the issue and sale of said bonds, and the application of the proceeds thereof, the first report to be made 60 days from the date of this order and subsequent reports at intervals of 60 days thereafter until all of said bonds have been sold and all of their proceeds disposed of.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

FINANCE DOCKET No. 1140.

IN THE MATTER OF THE APPLICATION OF THE INTER-
STATE RAILROAD COMPANY FOR AUTHORITY TO
ISSUE CAPITAL STOCK.

Submitted April 4, 1921. Decided April 16, 1921.

Authority granted to issue not to exceed \$338,000, par value, of capital stock.
Terms and conditions prescribed.

J. F. Bullitt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Interstate Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$385,000, par value, of capital stock.

The applicant's authorized capital stock is \$10,000,000, of which \$4,049,100 has been issued and is outstanding, leaving \$5,950,900 unissued. The applicant proposed to sell, at par, stock in an amount sufficient to reimburse its treasury for expenditures made out of income for additions and betterments, and to pay for certain other additions and betterments, as set forth in the application. Items aggregating \$34,000, for laying 90-pound rail, properly chargeable to operating expenses, and item of \$13,364.42, for section houses at Appalachia, Va., subsequently disposed of, have been withdrawn by the applicant, so that the total amount now sought to be capitalized is \$338,000. The applicant has spent \$135,382.55 on account of investment in road and equipment, and contemplates spending \$203,570.10 for other property and construction work in extending and improving its facilities.

All of the applicant's outstanding stock, except six shares qualifying directors, is held by the Virginia Coal & Iron Company. The applicant states that sale of the proposed stock to that company is contemplated, but that no contract therefor has been made, although the officers and directors of the Virginia Coal & Iron Company have informally approved the matter. It appears that William H. Harding was a director both of that company and of the applicant. The

applicant has informed us that Mr. Harding has resigned from its board.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which applicant operates. No objection to the granting of the application has been offered by the State Corporation Commission or any other authority of that state.

We find that the proposed issue by the applicant of not exceeding \$338,000, par value, of capital stock (*a*) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Interstate Railroad Company be, and it is hereby, authorized to issue not exceeding \$338,000, par value, of its capital stock, and to sell said stock for cash, at not less than par, to the Virginia Coal & Iron Company, the proceeds of such sale or sales to be used solely to make certain additions and betterments to the applicant's road and equipment and to reimburse its treasury for moneys heretofore expended for certain other additions and betterments, as set forth in the application, the certificates representing said stock to be substantially in the form submitted with said application.

It is further ordered, That said stock shall not be sold, pledged, repledged, used or otherwise disposed of by the applicant, in any manner or for any purpose, except as herein authorized.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to this Commission within 30 days from the close of such period, all pertinent facts relating to (1) the issue and sale of said capital stock, and (2) the application of the proceeds realized from such sale or

sales, including the account or accounts charged, and continue to file such reports until all of said capital stock shall have been issued and all proceeds from the sale thereof so applied; each report to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said capital stock, or dividends thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1278.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted March 12, 1921. Decided April 16, 1921.

Authority granted (1) to issue under date of April 18, 1921, promissory note in the amount of \$500,000, payable on or before July 18, 1921, to the Guaranty Trust Company of New York, or order, in renewal of promissory note for like amount; and (2) to issue under date of April 18, 1921, promissory note in the amount of \$425,000, payable 90 days after date, to order of the Central Union Trust Company of New York, in renewal of promissory note for like amount.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company has applied for authority under section 20a of the interstate commerce act to issue two promissory notes in renewal of notes maturing on April 18, 1921, and aggregating \$925,000.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application, a copy thereof was filed with the governor of each of the states in which the applicant operates. No request for a hearing has been made by the authorities of any of those states, but the Michigan Public Utilities Commission has filed an answer asking for dismissal of the application, alleging that we are without jurisdiction. It is our opinion that we have jurisdiction.

It appears that on October 24, 1918, the applicant gave a short-term note for \$500,000 to the Guaranty Trust Company of New York, and a similar note to the Central Union Trust Company of New York. The proceeds of these notes were used to purchase \$1,000,000 of fourth liberty loan bonds. Renewal of the notes has been had from time to time. By curtailment on May 27, 1920, the note to the Central Union Trust Company was reduced to \$425,000.

There will be pledged as security for the proposed note to the Guaranty Trust Company \$500,000 of fourth liberty loan bonds, and

for the proposed note to the Central Union Trust Company \$582,650 of liberty loan bonds of various issues.

The proposed notes and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

We find that the proposed issue of notes by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to issue under date of April 18, 1921, (1) one promissory note in the face amount of \$500,000, payable on or before July 18, 1921, to the Guaranty Trust Company of New York, or order, with interest at the rate of 6 per cent per annum; and (2) one promissory note in the face amount of \$425,000, payable 90 days after date to the order of the Central Union Trust Company of New York, with interest at the rate of 6 per cent per annum; said notes to be issued solely for the purpose of renewing promissory notes for like face amounts maturing on April 18, 1921.

It is further ordered, That the applicant shall report to this Commission all pertinent facts relating (1) to the issue of said notes, and (2) to the payment or satisfaction thereof within 10 days thereafter, respectively; said reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 65.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE, LACKAWANNA & WESTERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK AND TO DISTRIBUTE IT AS A DIVIDEND.

Submitted February 15, 1921. Decided April 18, 1921.

Authority granted the Delaware, Lackawanna & Western Railroad Company to issue \$45,000,000 of common stock to be distributed as a dividend.

William S. Jenney, Alfred P. Thom, and J. L. Seager for applicant.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The Delaware, Lackawanna & Western Railroad Company, a common carrier by railroad subject to the interstate commerce act, seeks authority under section 20a of that act, conditioned upon its disposal of its coal properties and acceptance of certain provisions of the Pennsylvania constitution, to issue capital stock of an aggregate par value equal to the full amount of its corporate surplus, or such part thereof as we may approve, and to distribute such stock pro rata among its stockholders as a dividend. The application was made under oath, signed and filed on behalf of the applicant by one of its executive officers, and notice thereof was given to, and a copy thereof filed with, the governor of each state in which applicant operates. No objection to the granting of the application was made by any state authority.

The applicant operates about 960 miles of steam railroad radiating from the anthracite coal fields of Lackawanna and Luzerne counties, Pa. Its main line extends from Hoboken, N. J., through these fields to Buffalo, N. Y., with numerous branches. Its system, including second, third, fourth, and switch tracks, has approximately 2,700 miles of track, of which about 30 per cent is owned and about 70 per cent leased or controlled. The owned lines are in Pennsylvania and the leased or controlled lines chiefly in New York and New Jersey. It owns 742 locomotives, 28,914 freight cars, and 929 passenger cars.

The applicant is a Pennsylvania corporation, which had its genesis in the Liggetts Gap Railroad Company, organized by special act in 1832, to build and operate a railroad from what is now Scranton,

Pa., northward to the New York state line. The original charter contemplated a toll road open to the public for hauling by wagons and other conveyances. A later act permitted it to furnish "the exclusive motive power," and it eventually gained authority to acquire and operate other railroads, within or without Pennsylvania, to acquire and hold coal lands, and to mine, purchase, and sell coal. The laws of New York authorized it to acquire and operate railroads in that state and to hold lands therein for office and terminal purposes; and it has analogous power from New Jersey. The present corporate name was adopted in 1851.

The original line ran from Scranton to Great Bend, Pa., where it connected with the Erie Railroad. A route was opened to Cayuga Lake and the Erie Canal, by trackage rights over the Erie to Owego, N. Y., and by lease of the Cayuga & Susquehanna Railroad, thence to Ithaca, N. Y. Coal began to move over these routes in 1851. Later a line was built from Scranton to the Delaware River, and the Warren Railroad leased to a connection with the Central Railroad of New Jersey; and in 1868 applicant, by lease of the Morris & Essex Railroad in New Jersey, secured its own through line to New York harbor. A year or two later, by construction of the Valley Railroad between Great Bend and Binghamton, N. Y., and by lease of the Syracuse, Binghamton & New York Railroad and the Utica, Chenango & Susquehanna Valley Railroad, it opened routes to Oswego, on Lake Ontario, and to Utica, N. Y. In 1873, by merger with the Lackawanna & Bloomsburg Railroad, it gained a connection with the Pennsylvania Railroad at Northumberland, Pa., and finally, in 1883, Buffalo, N. Y., and Lake Erie were reached by completion and lease of the New York, Lackawanna & Western. Other branch lines of lesser importance have been built or acquired.

Since its organization the applicant has operated in the dual capacity of mining company and carrier, though the sales end of its coal business was segregated in 1909 following the decision of the Supreme Court of the United States in *United States v. Reading Co.*, 226 U. S., 324; 228 U. S., 158. See also *United States v. Del., Lack. & West. R. R.*, 238 U. S., 516, and *D., L. & W. Coal Co. v. D., L. & W. R. R. Co.*, 49 I. C. C., 203. Early development was confined largely to the extension of facilities to broaden the coal market, and applicant states that prior to 1900 it was not properly equipped to handle any freight other than coal. In that year comprehensive improvements were begun to modernize the road and bring it to a high state of efficiency. These included reconstruction of 30 miles of line north of Scranton, and the building of the "Jersey cut-off" from Portland, Pa., to Hopatcong, N. J., at a cost of over \$400,000

per mile. Very large sums have been spent during the last 20 years in carrying out this program of rehabilitation.

The applicant has \$42,220,550 par value of stock in the hands of the public and \$102,600 of bonds. Its leased lines, most of which, according to its statement, are leased in perpetuity, have \$44,222,600 of stock and \$53,697,657 of bonds in the hands of the public, a total of \$97,920,257, upon which it in effect pays rentals of \$5,079,725 yearly. The annual interest on its own funded debt is \$6,156. Its situation, therefore, is in a sense equivalent to that of a road having outstanding \$42,220,550 of stock and \$98,022,875 of funded debt, upon which it pays yearly interest of \$5,085,681, or about 5.15 per cent, with a total capitalization aggregating about \$150,000 per mile of road and \$52,100 per mile of track.

One of the applicant's exhibits shows the following record of its stock issues:

Year.	Par value issued.	Cash value of proceeds.	Year.	Par value issued.	Cash value of proceeds.
1851.....	\$600,000	\$450,000.00	1867.....	\$50	\$50.00
1852.....	443,200	343,270.00	1868.....	2,812,000	2,812,000.00
1853.....	469,250	369,812.50	1869.....	1,826,850	1,826,850.00
1854.....	35,650	35,650.00	1870.....	2,881,350	2,881,350.00
1855.....	1,502,900	1,502,900.00	1871.....	295,250	295,250.00
1856.....	241,150	241,150.00	1872.....	895,900	895,900.00
1857.....	68,100	68,100.00	1873.....	2,500,000	2,500,000.00
1860.....	1,722,200	1,722,200.00	1875.....	2,389,000	2,389,000.00
1861.....	210,750	210,750.00	1876.....	311,000	311,000.00
1862.....	303,000	303,000.00	1909.....	3,944,000	3,944,000.00
1863.....	1,236,400	1,236,400.00	1914.....	12,076,400	12,076,400.00
1864.....	3,414,450	3,414,450.00			
1865.....	1,018,550	1,018,550.00			
1866.....	25,000	25,000.00			
			Total, 1919.....	42,220,400	41,870,962.50

The facts of record as to the nature of the proceeds are very meager. It is not shown what portion of the stock was paid for in cash, in service, or in property. Nor, as the effect of the many early consolidations does not appear, is it possible to state what portion may represent estimated value of merged properties. Stock dividends of \$10,890,013 are included in the "cash value of proceeds" column. It is therefore a fair conclusion from the record that the original subscribers actually paid for the outstanding stock, in cash or its equivalent, representing direct sacrifice on their part, not in excess of \$30,980,950.

The applicant distributed cash dividends of about 72 per cent upon its stock in 1909, of 22½ per cent in 1917, and of 20 per cent in every other year from 1905 to 1919, inclusive. The total dividends from 1853 to and including May 31, 1919, are given as \$210,159,430.64, of which nearly \$23,000,000 was in stock of the applicant or of its subsidiaries and the remainder in cash. The average rate of dividends during this period was about 12.8 per cent.

Since 1853, according to one of its exhibits, the applicant's net income from transportation has been \$208,004,765.04, that from sale of coal \$66,009,776.02, that from other sources \$40,840,137.99, and its total net income \$314,854,679.05. From this the exhibit shows payment of \$210,159,430.64 in dividends and \$14,233,472.38 in interest, leaving a book surplus of \$90,461,776.03. The dividends exceeded the net income from transportation by \$2,154,665.60, but net income from that source and sources other than sales of coal exceeded dividends by \$38,685,472.39.

The applicant states that these surplus earnings are represented by the following items:

Investments in railroad property.....	\$32, 050, 645.47
Other investments:	
In mining properties.....	\$2, 205, 988. 00
In other nonoperating properties.....	2, 344, 179. 51
In railroad, etc., stocks and bonds.....	24, 824, 046. 25
In other stocks, bonds, etc.....	14, 229, 585. 67
In advances to leased roads, etc.....	10, 344, 048. 64
Current assets (excess over current liabilities).....	3, 136, 714. 80
Net accounts, U. S. Railroad Administration.....	1, 328, 567. 69
 Total surplus.....	 90, 461, 776. 03

This result is obtained by deducting from the book investment in road and equipment, less reserve for depreciation, the aggregate outstanding stock and funded debt, and assuming that the remainder and the other assets listed were paid for out of surplus earnings.

The applicant contends that its actual surplus is much larger, since its coal properties are carried in these figures at their remaining original cost rather than their value, and since expenditures for additions and betterments were frequently charged to operating expenses prior to 1907.

In its 1919 annual report to us the applicant's total corporate surplus is given as \$192,112,826.02. The discrepancy between this amount and the \$90,461,776.03 shown above is due to the fact that in 1913 and 1917 the book value of the coal properties was increased approximately \$100,000,000. It seems that these properties originally cost \$17,474,256.06 and that this amount has been reduced by credits for surface sales and royalties, and charge-offs for depreciation and depletion, to the \$2,205,988 remaining original cost included above. These lands, however, contain more than 400,000,000 tons of unmined coal, and the applicant, to secure the benefit of the depletion rate in its income tax return, estimating a minimum value of not less than 25 cents per ton, increased its book value as stated and entered a corresponding liability in the appropriated surplus account.

Each year the estimated value and corresponding liability are written down according to the amount mined, at 25 cents per ton.

Article XVII of the Pennsylvania constitution, relating to "Railroads and Canals," adopted in 1873 or earlier, provides in section 5:

No incorporated company doing the business of a common carrier shall, directly or indirectly, prosecute or engage in mining or manufacturing articles for transportation over its works; nor shall such company, directly or indirectly, engage in any other business than that of common carrier, or hold or acquire lands, freehold or leasehold, directly or indirectly, except such as shall be necessary for carrying on its business; but any mining or manufacturing company may carry the product of its mines or manufactories on its railroad or canal not exceeding fifty miles in length.

Section 10 of the same article provides:

No railroad, canal or other transportation company, in existence at the time of the adoption of this article, shall have the benefit of any future legislation by general or special laws, except on condition of complete acceptance of all the provisions of this article.

Under a general act of the Pennsylvania legislature approved February 9, 1901, as amended, a corporation created by special law may, with the consent of a majority of its stockholders, increase its capital stock to such an amount as it deems necessary to carry on and enlarge its business. This act, relieving such corporations from prior limitations, expressly provides, however, that it shall not inure to the benefit of any railroad corporation which has not accepted all provisions of said article XVII. Because of its coal properties, the applicant has not accepted those provisions, and according to statement of its counsel it is limited in the increase of its capital to the issuance of stock for new construction of owned lines in Pennsylvania.

The attorney general of Pennsylvania, by direction of the governor of that state, has advised us:

That this Company (the applicant) cannot avail itself of the statute of this Commonwealth regulating the increase of capital stock, unless it accepts the provisions of the State Constitution nor are the provisions of these laws available to this Company so long as it continues to own and operate coal mines. If, however, this corporation divests itself of its coal properties, and formally accepts the provisions of the State Constitution, it will, under our law, have the right to capitalize its surplus and declare a stock dividend therefor.

Whether or not the applicant is prohibited from issuing stock dividends by its charters is not clear. Counsel stated that he knew of no provision which would permit such dividends. The evidence shows that some stock has been issued for this purpose in the past, but, however that may be, the applicant is now desirous of securing such advantages in the issuance of securities as may result from acceptance of the Pennsylvania constitution, and plans to divest itself of its coal properties. These are now carried on its books at a value somewhat

in excess of \$100,000,000. It is said that they are appraised for tax purposes at between \$60,000,000 and \$70,000,000, and will not be sold for less than \$60,000,000. The applicant states that if it is to receive an adequate price for these properties they must be acquired for or in behalf of substantially the same persons who hold its stock. No definite plan has been formulated, but it is suggested that they will be conveyed to a new corporation in return for \$60,000,000 or more, par value, of its stock, to be distributed as a dividend to the applicant's stockholders. Possibly payment may be made in part by bonds, carrying no control or voting power, which will be retained by the applicant.

Section 20a of the interstate commerce act makes it unlawful for any carrier to issue stock or other securities unless by order we authorize such issue, and provides that we shall make such order only if we find that the issue—

(a) is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

Authority to issue stock can not be claimed as a right. It is within our discretion, subject to the limitation that we shall grant authority only if we are able to make the necessary finding. If the applicant is lawfully entitled to earn a return upon the fair value of property acquired out of surplus this right will persist whether or not the stock issue is permitted.

Assuming that the issue is for a lawful object, is that object "compatible with the public interest" and one "which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service"?

The applicant contends that we should permit the capitalization of the full surplus of the company. It argues that refusal to grant the application would seriously discourage, if not entirely prevent, investment by the public in railway stocks. Some inducement, it says, must be offered investors in stock, to make up for the security and certainty both as to principal and interest afforded by mortgage bonds, and therefore that there must be a chance of more attractive return in the case of stock. It alleges that a refusal to grant this application would be public notice of a lack of advantage in investing in stock. And it suggests that in the event of denial of the application there would be no inducement in the future to use surplus earnings for additions and betterments, and that stockholders

would insist each year upon the distribution of all available earnings.

The applicant points out that the lawful declaration of dividends at a rate high in comparison with that of other railroads in the same territory has led the public to the unwarranted conclusion that it has received and is receiving an excessive return on its investment in property devoted to public use, and that the proposed increase in stock would tend to remove this source of distrust and suspicion. It suggests also that in case of consolidations with other lines the applicant could secure much better terms if its capital stock more nearly represented its value than as at present. Our attention is called to paragraph 6 of section 5 of the interstate commerce act which provides that in the event of consolidation of railroad companies the capitalization of the resulting company "shall not exceed the value of the consolidated properties as determined by the Commission," and it is urged that in view of this provision we should, in our control of securities, endeavor to adjust the capital of carriers to the value of their properties.

There is no proof that the surplus sought to be capitalized is the result of excessive transportation charges. Traffic has been carried by the applicant at rates, controlled by state or interstate regulatory bodies, substantially the same as those applicable over competing lines. And there is no showing that the return from transportation charges upon the fair value of the property owned or used for common-carrier purposes has been excessive. Clearly the amount of the return from the coal property is immaterial except as it tends to explain what might otherwise appear to be excessive carrier return.

The question of the reasonableness of the applicant's past return is not in fact before us at this time. Where the public has found it expedient to adopt a *laissez-faire* policy to encourage utility development, it can not be said, in the absence of regulation, that profits have been illegally collected. The title to the surplus has vested without limitation or condition in the corporation, and benefits the shareholder. The doctrine of implied trust, sometimes applied to donated property by courts and commissions, has no application to excessive return, for the payment of rates carries with it no requirement that the funds be left in the business or used for the public benefit. Its strained application to carriers which have made additions and betterments from surplus would only penalize those who came nearest to benefiting the public. The surplus from income, in such cases, is unrestricted legal property of the company, and ceases to be funds of the public, before the decision to divert it to either dividends or additions and betterments is made.

Such reasoning, however, does not warrant authorization of the issuance of securities merely upon a showing of invested earnings.

To render the proposed issuance "compatible with the public interest," within the meaning of the statute, we are convinced that a substantial surplus should remain uncanceled as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in nonrevenue-producing property, and serving as a general financial balance-wheel.

We do not share the applicant's apprehension as to the effects which will follow the required maintenance of such a surplus. Such a reserve is a direct benefit to the stockholder. It maintains the market value of his stock and protects not only his dividends but his pro rata share of the assets available on dissolution.

The terms of possible future consolidations and mergers are not now before us and can be dealt with when the occasion arises.

The applicant claims a total surplus available for capitalization of \$90,461,776.03. In view of the proposed sale of its mining property and distribution of the proceeds, the \$2,205,988 shown as surplus invested in such properties may be dismissed from further consideration.

Several items of the remaining \$88,255,788.03 of the surplus do not fall within that class of assets which we deem it proper to permit the applicant to capitalize. On May 31, 1920, it held in its treasury stocks of railroad, terminal, transfer, and ferry companies to the amount of \$9,151,048.75, and bonds of such companies to the amount of \$15,672,997.50, making a total of \$24,824,046.25. Of this amount, \$56,450 was applicant's own stock. The balance consisted mainly of stocks and bonds of lines leased by the applicant. The record discloses no intercorporate relations or other circumstances which bring these holdings within the sphere of securities which could properly be capitalized by a common carrier. It is not necessary for the applicant to hold securities of its leased lines in order to operate its system if, as it states, its leases are in perpetuity. We are unable to form any sound opinion on the record before us as to lines controlled by stock ownership. Neither the actual value nor the earning power of the securities is shown. So far as the record shows all of these securities are in the same class with the recognized shifting assets. The applicant on that date also held in its treasury stocks of advertising, mining, timber, and land companies to the amount of \$1,662,813.37, and United States government bonds and certificates of indebtedness, municipal bonds, and steel company bonds to the amount of \$12,566,772.30, making a total of \$14,229,585.67. These are flexible assets which we deem it improper

to permit applicant to capitalize. If it should be thought desirable to distribute the portion of surplus invested in such securities among the stockholders, the applicant would be able to apportion the securities themselves or distribute the proceeds thereof. They are neither property used or useful in rendering the public service, nor an assured part of any surplus.

Nor is any reason manifest why the applicant should be permitted to issue capital stock against its net account of \$1,326,567.69 with the United States Railroad Administration, which is merely an unadjusted balance.

The record contains no showing which would justify our authorizing the applicant to capitalize its investments in nonoperating properties. The reasons for acquiring and holding these properties are not stated, and no present or contemplated future use of them in connection with the applicant's transportation service is shown.

Applicant claims that on May 31, 1920, \$32,050,645.47 of its surplus was invested in railroad property and submits an analysis of this item as follows:

Assets (Investments):

In owned roads	\$44, 632,768. 71
In improvement on leased roads.....	12, 818, 800. 50
In equipment, \$36,071,845.42, less accrued depreciation, \$18,781,049.16	17, 290, 796. 26
Total assets	<u>74, 742, 365. 47</u>

Liabilities:

Capital stock	42, 277, 000. 00
Premium on capital stock.....	70, 720. 00
Bangor & Portland bonds.....	320, 000. 00
Muchmore real estate mortgage.....	24, 000. 00
Total liabilities.....	<u>42, 691, 720. 00</u>
Invested surplus.....	32, 050, 645. 47

The applicant's lines are stated to have been entirely rebuilt since 1900, the work, with the exception of the construction of the Lackawanna Railroad of New Jersey and the cut-off line in Pennsylvania, being accomplished solely by the use of the applicant's earnings. The testimony is that no charge was made to the capital account in connection with the excess cost of replacements prior to 1914 because no depreciation reserve had been set up, and these expenditures were considered as offsetting depreciation. No comparison of these items is made of record, and the policy as to writing off abandoned property other than equipment is not shown.

The applicant is not seeking to capitalize any equity in its leases of railroad property, but only the amount of earnings said to have been invested by it in the properties of such roads. The evidence is that most of these roads are leased in perpetuity, but that some are leased for the corporate life of the subsidiary line. Without the leases before us we are unable to determine the length or nature of the applicant's tenure, and can not on the present record authorize it to capitalize its total investment in such property.

The applicant has advanced from its earnings \$10,344,048.64 to leased and controlled lines. These advances are carried into the capital accounts of such roads and credited by them to the applicant. They differ little from investments in leased lines, and when shown upon the applicant's books as such investments may be capitalized by it.

The applicant seeks to capitalize \$3,136,714.80, the excess of its current assets over its current liabilities as working capital necessary in the operation of the road. The record indicates that there are included in its current assets mining materials and supplies valued at \$1,364,618.19 which doubtless would be turned over to the purchaser of its coal properties and therefore should not be considered in passing upon this application.

The evidence establishes (1) that the Delaware, Lackawanna & Western Railroad has a large uncanceled surplus; (2) that the present capitalization is below the actual investment or fair value of the property; (3) that the increase in capitalization which would follow the grant of authority hereinafter suggested would still leave the total capitalization of the applicant below the fair value of the property; and (4) that the remaining uncanceled surplus will be sufficient to serve the purposes for which a surplus should be accumulated.

We find that the proposed issue of capital stock by the Delaware, Lackawanna & Western Railroad Company as a dividend has been justified to the extent of \$45,000,000 and that to that extent it (a) is for a lawful object within its corporate purpose and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose; but that the applicant has not justified an authorization of the issuance as dividends of the remainder of its proposed capital stock and that authority therefor should be denied.

We further find that the authorization of the issue of \$45,000,000 capital stock as above provided should be conditioned upon the issue of evidences of indebtedness by the leased lines to applicant for the

\$10,344,048.64 carried on its books as advances to leased lines, and the transfer by the Delaware, Lackawanna & Western Railroad Company of that sum to the proper subsidiary account under investment in leased lines.

An appropriate order will be entered.

DANIELS, *Commissioner*, concurring:

With the result of the report, so far as it goes, I concur; but refrain from giving entire adhesion to the basis which seems to underlie the report. While it is not so stated expressly, it may fairly be inferred that the report accepts applicant's book cost of road and equipment as virtually correct. The report appears to accept as appropriate for capitalization investments in owned roads, in improvements on leased roads, and in equipment (depreciated), to the extent that these items exceed the stock and bond liabilities of the applicant. This invested surplus is put at \$32,030,645.45.

To this, advances made out of earnings to leased lines and amounting to \$10,344,048.64, provided that they shall hereafter be shown on applicant's books as "investments," are apparently added. These two items aggregate \$42,374,694.01. The difference between the \$45,000,000 capitalization allowed, and the sum of the two items above is \$1,625,305.99 which, I assume, is an allowance for working capital.

If it is appropriate to include in the amount to be capitalized the advances to leased lines, provided they are booked as "investments," I am not able on principle to see the reason for excluding investments out of surplus in the securities of leased lines constituting an integral and permanent part of applicant's system. The New York & Hoboken Ferry Company will illustrate this point. This company is leased to the applicant and serves as a necessary terminal. Its entire capital stock, amounting to \$3,300,000, has been acquired by the applicant. Of its bonds applicant holds \$1,216,000, while \$2,084,000 are in the hands of outside holders. Assuming that the lease obligates the applicant to pay dividends on the stock and interest on the bonds, the acquisition of the stock out of applicant's surplus lessens the fixed charge to just the same degree as if that much additional property had been acquired outright. Applicant simply pays the guaranteed dividend to itself. The fact that the ferry stock will be outstanding and at the same time an equivalent amount of applicant's stock would have been issued is immaterial, inasmuch as there is no double return exacted from the users of the property represented thereby. I can not see any difference in principle in allowing the applicant to issue its stock to cover advances to leased lines, hereafter to be designated "investments," and in allowing capitalization

of surplus invested in the securities of leased lines which are a necessary and permanent part of applicant's system, and which serve in a similar way to augment its net earnings.

Of less practical importance is the denial to capitalize liquid assets in the form of United States government securities amounting to upward of \$12,000,000, but the ground given for denial, that they are "flexible assets" which can be distributed directly, or whose proceeds can be distributed directly to applicant's stockholders, seems untenable as a reason for denial of their capitalization. These are now carried as a liability included in surplus. If capitalized, they will be carried as a liability against an approximately equal amount of additional capital stock. As said in *Eisner v. Macomber*, 252 U. S., 189, revenue-producing property," etc. But I am not persuaded that the

Far from being a realization of profits to the stockholder, it tends rather to postpone such realization, in that the fund represented by the new stock has been transferred from surplus to capital, and no longer is available for actual distribution.

So long as such assets are not invested in property used or useful in serving the public, they would, of course, not be included in any rate base on which a fair return is to be computed.

It should be added that the report correctly finds that to render a proposed stock dividend "compatible with the public interest" within the meaning of the statute, "a substantial surplus should remain uncanceled as a support for applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in non-revenue producing property," etc. But I am not persuaded that the entire remainder of applicant's surplus not allowed to be capitalized is requisite for the necessary purposes of a surplus.

POTTER, *Commissioner*, concurring:

For the reason that in my opinion the applicant is entitled to issue additional stock much in excess of \$45,000,000, I concur in the report authorizing the issuance of that amount or of such smaller amount as may be issued under the limitations contained in the report. I do not concur in the view that the amount to be issued should be limited to \$45,000,000, nor do I concur in all of the reasons or conclusions upon which the report is based.

EASTMAN, *Commissioner*, dissenting:

In a dissenting opinion in *Stock of Chicago, Burlington & Quincy R. R.*, 67 I. C. C., 156, 172, dealing with the application of the Chicago, Burlington & Quincy Railroad Company for authority to issue stock and bonds for dividend purposes, I gave my reasons for believing that in a case like this the capitalization of surplus is contrary to the public interest and ought not to be permitted.

Without restating these reasons at length, I pointed out that there are many who feel that when surplus earnings, over and above reasonable dividends, are invested in carrier property, the public, having provided the funds, has an interest in that property and can not fairly be asked to pay the same return upon it as upon property representing real sacrifice by investors. They believe that it is unjust to ask the public to provide both capital and return, that the circumstances attending the accumulation of such a surplus impose a duty upon the carrier at least to share its advantages with the public, and that this duty may be considered in valuation for rate-making purposes. I showed that the Supreme Court of the United States has not yet held that property acquired from surplus earnings after the payment of reasonable dividends is to be included on equal terms with other property in determining the "fair value" upon which rates are to be based; nor, if we assume that this will be the decision, has it held that the "reasonable return" upon the portion of the value representing such surplus accumulations must correspond with and be as high as the "reasonable return" upon the remainder. I further pointed out that whatever right a carrier may have to a return upon surplus can in no way be lost by refusing to permit its translation into stocks or bonds, but that the granting of such permission may prejudice and impair the rights of the public.

In the present case, not only is the 100 per cent stock dividend which the majority have approved open to these and other grave objections, but it might well be denied because of the total lack of strong and compelling reasons in its favor. Briefly summarized, the affirmative grounds urged in support of the application are as follows:

1. At the hearing counsel for the Association of Railway Executives stated:

That undoubtedly a refusal to grant the application would seriously discourage, if not entirely prevent, the investment by the public in the stocks of such companies. Manifestly there must be some special inducement to invest in stock to make up for the security and certainty, both as to principal and interest, which is afforded by a bond secured by a mortgage. Inasmuch as such certainty can not be given in the case of stock, there must be a chance of more attractive return in the case of stock. One of the weaknesses in the present credit system of the railroads is the fact that in a strictly regulated industry the opportunity for speculative and large returns is almost entirely lacking. In this case is presented an opportunity to impress the public mind with the idea that in a well managed and successful railroad, honestly administered and financed, there still exists a chance to invest profitably in stock and to obtain the usual rewards and to run the risks which the holder of stock always takes.

If, instead of using this case to make that impression favorable to investment in stock, the application is denied, it will undoubtedly have a serious tendency to impress the investing public with the view that there is no advantage in

investing in stock, and that such an investor can not hope to receive from such investment anything whatever to compensate for the loss of certainty and safety he would obtain by investing in stock.

I have quoted this at length, because it is the point upon which most stress has been laid. In the light of the facts the absurdity of the claim is clear. Since 1905 the dividends paid by the Lackawanna have averaged well over 20 per cent, and since 1853 the average rate has been about 12.8 per cent. In addition, a surplus of over \$90,000,000 has been accumulated. It is difficult to conceive what better encouragement for investing in stock could well be expected, or to grasp the thought that under such circumstances the denial of a 100 per cent stock dividend will cast a pall over the investment market. Stockholders who have received such dividends in the past, who have a prospect of such dividends in the future, and whose investment is now *protected by such a surplus* surely have no reason for complaint.

2. It is urged that the "declaration of dividends at a rate abnormally high when compared with the dividend rate of other railroads operating in the same territory has led to the unwarranted conclusion on the part of the public that applicant has earned and is earning a grossly excessive return on its investment in property devoted to public use," and that "an increase in capital stock as is here proposed would tend to remove this source of distrust and suspicion."

Without pausing to consider whether or not the return has in fact been excessive, it is not made clear in what way this distrust and suspicion have been or are likely to be prejudicial to the Lackawanna. There is no evidence of injury. Nor, apparently, has thought been given to the distrust and suspicion which may be created in the public mind by the declaration, under present railroad conditions, of a stock dividend of 100 per cent.

3. It is said that it is the desire of applicant to extend and improve its lines of railroad by acquisition of or consolidations with other lines, and that it is believed that "much better terms can be obtained in connection with voluntary consolidations if our capital stock represents more nearly our value than as at present." In this connection, our attention is called to the fact that paragraph 6 of section 5 of the interstate commerce act now provides that in the event of consolidation of railroad companies, the capitalization "shall not exceed the value of the consolidated properties as determined by the Commission." It is urged that in view of this provision we should, in the exercise of our control over the issue of securities, "endeavor to adjust the capital of carriers to the value of their properties," Counsel for the Association of Railway Executives amplified this thought as follows:

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It will be the beginning now of preparation for the national policy of consolidation, and will tend to prevent the embarrassment of the placing contemporaneously on the market of *immense issues of new securities* when the actual consolidation of many systems is undertaken.

Counsel has overlooked the fact that the provision quoted uses the words "shall not exceed" and not the words "shall equal." Moreover, the valuation of applicant's property has not yet been completed. The terms of future possible consolidations or mergers can be dealt with when the need arises. The thought is staggering that they will be attended by "immense issues of new securities." I am unwilling to believe it.

4. It is suggested that a part of the surplus might now be distributed directly in dividends, and that the declaration of a stock dividend in lieu thereof is in the public interest, since it will preclude such distribution of assets.

It is true that not all of the surplus has been invested in physical property but that some of it is represented by securities of affiliated companies which might be distributed directly to the stockholders.

It may be assumed, however, that the considerations which led applicant originally to use surplus cash for the acquisition of these securities, rather than for the declaration of still larger cash dividends to its stockholders, would continue to persuade it to hold these securities in its treasury. Certainly we ought not to assume the contrary. Moreover the *partial* capitalization of surplus which the majority have approved will not preclude their distribution.

5. It is said that if the application is not granted there will be no inducement in the future to use surplus earnings for additions and betterments to the property, but that, instead, stockholders will insist each year upon the distribution of all available earnings.

Of this suggestion it is sufficient to say that if the stockholders should in the future deem such distribution wise and expedient, that situation can be dealt with then. My belief is that nothing of the sort would occur. Certainly it could not happen with regard for sound financial policy and the sanction of public opinion.

6. It is said that capitalization in the past has been controlled by the charter restrictions growing out of the ownership of coal mines, and that if the company is now divested of these coal properties and converted into a transportation industry alone its financial structure should be readjusted so as to "conform now to what it would undoubtedly have been except for the conditions which are now to be changed."

The opportunity of divesting itself of its coal properties and accepting the provisions of the Pennsylvania constitution has always been open to applicant, but it has preferred and prospered

under the charter restrictions from which it now seeks to be free. And why should it be assumed that if applicant had been a transportation industry alone its financial management would have been less sound and conservative?

7. Counsel for the Association of Railway Executives contends that after the stock dividend the capitalization "will more nearly express the truth as to the company's values than the present capitalization." He argues:

It is of high concern to the public that the truth about values shall be known and that any device or statement that conceals a part of the values shall be corrected. Otherwise the wealth or values that are concealed will not furnish their proportion of the national credit and will not be available for the important uses which all wealth ought to be available for—it will be partially lost or paralyzed.

Aside from the fact that the valuation of railroads which we are now conducting has for its purpose the ascertainment of the "truth about values," this argument rests on the curious notion that property or wealth shown in the form of surplus accumulations is "concealed," and can only be brought to light by the declaration of stock dividends. The worth of the argument may be tested by its logical conclusion, namely, that those are wrong who have fancied that surplus reserves are a support and buttress to credit and that an important part of the wealth of the country will be "lost or paralyzed" unless all corporations proceed to capitalization of surplus assets.

These are the labored reasons that have been urged upon us for the granting of the pending application, and it is manifest that they have neither strength nor weight. They offer no promise of public benefits outweighing the dangers involved. It is not even clear that they offer any promise of genuine private benefit. How can the finding be made, which the statute requires, that the issue is for a lawful object "compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service"?

It is, I think, a matter of regret that the exercise of our new powers of supervision over the issue of railroad securities should be marked in a period of financial depression by approval of the declaration of stock dividends by carriers which have refrained from declaring such dividends in past years of prosperity when such supervision did not exist. Without increasing the volume of railroad property it is proposed to increase the volume of railroad securities at a time when such securities are a drug upon the market. Undercapitalized railroad corporations are a source of strength to the nation, and they are all too few.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and the Commission having, on the date thereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Delaware, Lackawanna & Western Railroad Company be, and it is hereby, authorized to issue shares of its common capital stock in the aggregate par amount of \$45,000,000, and to distribute the same as a dividend pro rata among its stockholders.

It is further ordered, That the issuance of said \$45,000,000 of capital stock shall be conditioned upon the issuance of evidences of indebtedness by the leased lines to the applicant for the \$10,344,048.64 carried on its books as advances to leased lines, and the transfer by the Delaware, Lackawanna & Western Railroad Company of that sum to the proper subsidiary account under investment in leased lines.

It is further ordered, That within 10 days after such issue, but not later than September 1, 1921, the applicant shall report to the Commission all pertinent facts as to the exercise of the authority herein granted, said report to be in writing and signed and verified by an executive officer of the applicant having knowledge of the facts therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common capital stock, or dividends thereon on the part of the United States.

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FINANCE DOCKET No. 1262.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR AUTHORITY TO PLEDGE AND REPLEDGE BONDS AS SECURITY FOR NOTES.

Submitted March 21, 1921. Decided April 18, 1921.

Authority granted to pledge and repledge, from time to time, until otherwise ordered, all or part of \$487,000 of general-mortgage 4½ per cent gold bonds of 1892 (now held in applicant's treasury) as collateral security for a note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

A. C. Rearick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chesapeake & Ohio Railway Company has applied for authority under section 20a of the interstate commerce act to pledge and repledge, from time to time, \$487,000 of its general-mortgage 4½ per cent gold bonds of 1892, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without our authorization having first been obtained.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application, a copy thereof was filed with the governor of each of the states in which the applicant operates. No objections have been made on behalf of those states.

The bonds proposed to be used for pledging purposes are payable on March 1, 1992, and are now held in applicant's treasury, having been authenticated by the corporate trustee under the mortgage securing them and delivered to the applicant, prior to the effective date of section 20a, in respect of expenditures for construction of certain second main tracks on the lines of the applicant. The mortgage was given by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York) and Henry T. Wickham, under date of February 23, 1892, and authorized the issue of \$70,000,000 of bonds and \$25,000 additional per mile of

double tracking, of which \$48,129,000 are outstanding in the hands of the public.

We find that the proposed pledging of bonds by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, until otherwise ordered by this Commission, the Chesapeake & Ohio Railway Company be, and it is hereby, authorized to pledge and repledge, from time to time, all or any part of \$487,000 of its general-mortgage 4½ per cent gold bonds of 1892 (now held in its treasury), as collateral security for any note or notes which may be issued by said applicant within the limitations of paragraph (9) of section 20a of the interstate commerce act without our authorization therefor having first been obtained; said pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with the Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall report to us all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1164.

IN THE MATTER OF THE APPLICATION OF THE TEXAS
MIDLAND RAILROAD COMPANY FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 21, 1921. Decided April 19, 1921.

1. Certificate issued authorizing the construction of a line of railroad between Commerce and Greenville, Tex.
2. Request for authority to retain excess earnings granted.
Coke & Coke for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Texas Midland Railroad Company, a carrier by railroad subject to the interstate commerce act, on December 28, 1920, filed its application for a certificate under section 1, paragraph (18), of that act that the present and future public convenience and necessity require the construction by the applicant of a line of railroad extending from Commerce, Tex., to Greenville, Tex., a distance of 14 miles, and for permission under section 15a, paragraph (18), of said act, to retain the excess earnings therefrom. The applicant states that the new construction, estimated to cost \$487,778, will be financed by the issuance of its bonds, which will be sold at par to the principal stockholder, who owns the bonds now outstanding.

Upon receipt of the application, notice of the filing thereof was given to, and a copy thereof filed with, the governor of Texas, and like notice was published for three consecutive weeks in a newspaper of general circulation in each county in which it is proposed to construct said line of railroad. Thereafter the governor and the Railroad Commission of Texas recommended that the application be granted and the case was thereupon submitted, on the return to our questionnaire, without formal hearing.

The applicant operates a line of railroad extending from Paris to Commerce, and another line from Greenville to Ennis, all in the state of Texas. It uses the main line of the St. Louis Southwestern Railway Company of Texas, hereinafter called the Cotton Belt, between Commerce and Greenville, a distance of 14 miles, under a trackage agreement made in 1906. By means of this trackage agreement the applicant is enabled to operate a through route from Paris

to Ennis, a distance of 125.15 miles. The agreement provides, among other things, that all operation shall be under the control of the Cotton Belt's dispatchers and superintendents, under a schedule which will not conflict with Cotton Belt train movements. Trains of the applicant have equal rights with trains of the same class operated by the Cotton Belt. Provision is made for the division of certain minor expenses, but maintenance and station expenses are taken care of by the Cotton Belt. The applicant competes with the Cotton Belt between Commerce and Greenville. The contract undertakes to preserve for the Cotton Belt the local business of all classes between Commerce and Greenville, and intermediate stations, by providing that if the applicant handles any such traffic it shall pay 80 per cent of the gross revenues therefrom to the Cotton Belt, and on traffic to and from points beyond either Greenville or Commerce 80 per cent of the Cotton Belt's local rate shall be paid by the applicant on that part of the haul made over the Cotton Belt's line. The applicant pays to the Cotton Belt, for all train movements over this 14 miles of track the sum of 45 cents per train-mile for freight and passenger trains, 22.5 cents per train-mile for work trains, and 30 cents per mile for motor passenger cars. The contract provides that it may be terminated upon one year's notice. In October, 1920, the Cotton Belt indicated to the applicant its desire to have the schedule of payments revised to meet the increased cost of labor and materials, and suggested \$1.50 per train-mile in lieu of the existing basis of compensation. Some correspondence was had on the subject, but on January 18, 1921, the Cotton Belt gave informal notice of cancellation. Apparently no attempt has been made by the applicant to negotiate a new agreement, and this application is based on the apparent necessity for providing a separate track between the points in question.

The considerations urged by the applicant as affording justification for the proposed connecting line may be summarized as follows:

1. The disadvantages suffered in railway operation incident to dependence on a competing line for a through route. Among such disadvantages is the delay to applicant's trains.

2. Such operating disadvantages impair public confidence in the applicant's ability to handle traffic, and thus business is diverted to its competitor.

3. The dependence upon the Cotton Belt impairs the applicant's ability to negotiate an arrangement with the Trinity & Brazos Valley Railway for a through short line for the movement of traffic to Gulf ports, which could be effected by building about 7 miles of new line south of Ennis.

4. The conditions imposed by the contract have prevented the applicant from operating sufficient trains to handle the traffic in busy seasons, and the public demands a better service.

5. The new terms proposed by the Cotton Belt are prohibitive and indicate its desire to have the applicant vacate the line.

6. The Cotton Belt's line is becoming so overtaxed that a second track will eventually be necessary. The proposed line, it is claimed, would show better grades and alignment and, while closely paralleling the existing track, would eliminate the recurrence of certain interruptions by floods.

7. The use of the new line would reduce the applicant's operating expenses and add to its gross revenues by giving it the entire revenue on business handled locally instead of only 20 per cent thereof.

The validity of the first five of these reasons may, for the purposes of this case, be assumed. As to the last two, some doubt exists. The record does not indicate that the present track of the Cotton Belt is incapable of handling the traffic now offered or available within measurable time, and the figures submitted by the applicant, when analyzed, throw considerable doubt on the ability of the new line to make a favorable showing of net income, taking into consideration the additional investment upon which a return must be earned.

In the view we take of the matter, however, it is not necessary to rely upon the earning power of the proposed line or of the road as a whole. Justification for the proposal is found, not in a comparison of the relative merits of the present arrangement and that contemplated, from the standpoint of net earnings, but in the probable effect of a failure to carry out the project or to obtain a satisfactory agreement extending the present arrangement. It is obvious that the cutting of the applicant's line into two unconnected segments would be detrimental to the interests of the communities served by it, as well as disastrous to the applicant. On the other hand, we can not assume that continued operation over the Cotton Belt's line, on any terms that will be fair to both parties, is possible. From the applicant's standpoint, then, the situation resolves itself into a choice between discontinuance of its through route, which would admittedly reduce the usefulness and consequently the earning power of the two sections of line, or constructing the proposed line to bridge the present gap, involving an expenditure which the applicant believes will at least justify itself in the future expansion of its business.

Upon the facts presented, we find that the present and future public convenience and necessity require the construction of the line of railroad described in the application, and we further find that

applicant should be permitted to retain for a period of not to exceed 10 years from the date the extension is completed and put in operation, but not later than December 31, 1931, all or any part of its earnings derived from such new construction in excess of the amount otherwise provided in section 15a of the interstate commerce act, as amended, for such disposition as it may lawfully make of the same, conditioned, however, upon the completion of the work of construction on or before the 31st day of December, 1921. A certificate and order to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Texas Midland Railroad Company of a new extension of a line of railroad between Greenville and Commerce in the state of Texas connecting its two lines of railroad now owned and operated by it between Paris and Commerce and between Greenville and Ennis, respectively, all in the state of Texas.

It is ordered, That said Texas Midland Railroad Company be, and it is hereby, authorized to construct and operate said new extension of a line of railroad: *Provided, however,* That the construction of said new extension of a line of railroad shall be completed on or before December 31, 1921.

It is further ordered, That the said Texas Midland Railroad Company be, and it is hereby, given permission to retain for a period not to exceed 10 years from the date the said extension is completed and put in operation, but not later than December 31, 1931, all or any part of its earnings derived from such new extension in excess of the amount otherwise provided in section 15a of the interstate commerce act, as amended, for such disposition as it may lawfully make of the same, conditioned, however, upon the completion of the work of construction on or before the 31st day of December, 1921: *Provided, however,* That the retention of said excess earnings be further conditioned upon the segregation of the accounts in connection with the operation of said extension from the remainder of the accounts of the Texas Midland Railroad Company in such manner that the cost of operation and income due to the construction and operation of said extension

sion be kept entirely distinct from those of the remainder of the Texas Midland Railroad Company, and that the division of earnings between the extension and the remainder of the line of the Texas Midland Railroad Company shall be subject to the approval and correction of the Interstate Commerce Commission.

And it is further ordered, That said Texas Midland Railroad Company, when filing schedules establishing rates and fares on said new extension of a line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1247.

IN THE MATTER OF THE APPLICATION OF THE KENTUCKY & TENNESSEE RAILWAY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted April 14, 1921. Decided April 19, 1921.

Certificate issued authorizing the Kentucky & Tennessee Railway to construct a branch line of railroad in McCreary county, Ky.

Barthell, Fitts & Rundall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kentucky & Tennessee Railway, a carrier by railroad subject to the interstate commerce act, on February 19, 1921, filed an application for a certificate that public convenience and necessity require the construction of a line of railroad in McCreary county, state of Kentucky.

On receipt of such application, due notice was given to the governor of Kentucky, and like notice was published for three consecutive weeks in a newspaper of general circulation in the county in which said line of railroad is proposed to be constructed and operated. No representations were made by the governor or other authorities of the state of Kentucky either for or against the application, and the case was thereupon submitted on the return to our questionnaire without formal hearing.

The proposed line would extend from White Oak, Ky., on mile 12 of applicant's main line, up White Oak Creek, in a northwesterly direction, a distance of 9,230 feet. A station is to be opened and maintained at the end of the extension. This line will terminate in a tract of coal land, and its main purpose is to serve coal mines that are to be opened. These coal lands are not at present accessible to any line of railroad. The extension will also serve certain lumbering and other interests.

Upon the facts presented, we find that the present and future public convenience and necessity require the construction and operation by the applicant of the branch line hereinbefore described. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed its report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction of a branch line of the Kentucky & Tennessee Railway, as described in said report;

It is ordered, That said Kentucky & Tennessee Railway is hereby authorized to construct said extension, which shall be completed and placed in operation not later than December 31, 1922;

It is further ordered, That said Kentucky & Tennessee Railway, when filing schedules establishing rates and fares to and from points on said extension, shall refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1125.

IN THE MATTER OF THE APPLICATION OF THE MICHIGAN UNITED RAILWAYS COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 29, 1921. Decided April 21, 1921.

Electric interurban railroad in Michigan, owned by the Michigan United Railways Company, not operated as a part of a general steam railroad system of transportation, held not within the provisions of paragraph (18), section 1, of the interstate commerce act. Application dismissed.

Justin R. Whiting for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Michigan United Railways Company, owner of an electric interurban railroad operating in the state of Michigan, on December 4, 1920, filed an application for a certificate of public convenience and necessity permitting it to resume the operation in interstate commerce of its property, heretofore operated under a lease, the lessee having defaulted and surrendered the property to the applicant.

The requirements of paragraph (19), section 1, of the interstate commerce act were complied with, and thereafter the case was submitted upon the return to our questionnaire, without formal hearing. An answer was filed by the Michigan Public Utilities Commission, denying our jurisdiction of the application.

It appears that the line of railroad in question serves the cities of Lansing, Jackson, Battle Creek, and Kalamazoo, and adjacent territory, handling freight as well as passengers, and is electrically operated. No carrier operating by steam has any control over, or interest in, the line, nor is any part of its capital stock owned by any such carrier. The line has physical connection with the tracks of the Pere Marquette Railway at North Lansing where interchange of freight cars is made, but is not included in the operating system of any steam carrier.

Paragraph (22) of section 1, relating to the jurisdiction of the Commission under that section, reads as follows:

The authority of the Commission conferred by paragraph (18) to (21), both inclusive, shall not extend to the construction or abandonment of spur, in-

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dustrial, team, switching or side tracks, located or to be located wholly within one State, or of street, suburban, or interurban electric railways, which are not operated as a part or parts of a general steam railroad system of transportation.

We are of the opinion that paragraph (18) of section 1 of the act does not apply to the situation here presented, and that we are without jurisdiction to issue a certificate authorizing operation as prayed for in the application. An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

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FINANCE DOCKET No. 1130.

IN THE MATTER OF THE APPLICATION OF THE DULUTH & IRON RANGE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted April 14, 1921. Decided April 21, 1921.

The Duluth & Iron Range Railroad Company, having operated a line of railroad prior to the effective date of the transportation act, 1920, the issuance of a certificate of public convenience and necessity authorizing it to operate said line is unnecessary. Proceeding dismissed.

H. Johnson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Duluth & Iron Range Railroad Company, a carrier by railroad subject to the interstate commerce act, on December 6, 1920, filed an application for a certificate that public convenience and necessity require it to operate trains over a branch line of railroad in St. Louis county, Minn.

Upon receipt of such application due notice was given to the governor of Minnesota, and like notice was published for three consecutive weeks in a newspaper of general circulation in the only county in which said line of railroad is operated. Objection is made by the Minnesota Railroad and Warehouse Commission on the theory that the proposed operation is covered by paragraph (22) of section 1.

The line in question extends from a connection with the Missabe branch of applicant at Divide station to Babbitt, a distance of 2.91 miles.

Paragraph 18, section 1, of the interstate commerce act, as amended, provides that no carrier by railroad shall acquire or operate any line of railroad, or extension thereof, or shall engage in transportation over or by means of such additional or extended line of railroad, "after 90 days after this paragraph takes effect." We find upon the record that the applicant began operation of this line of railroad prior to the effective date of the paragraph. Therefore no certificate of public convenience and necessity is required. An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1267.

IN THE MATTER OF THE APPLICATION OF THE HARTWELL RAILWAY COMPANY FOR AUTHORITY TO ISSUE ADDITIONAL CAPITAL STOCK.

Submitted March 11, 1921. Decided April 21, 1921.

Authority granted to issue \$20,000 of capital stock.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Hartwell Railway Company has applied for authority under section 20a of the interstate commerce act to issue \$20,000 of additional capital stock, to be divided into 200 shares of the par value of \$100.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application, a copy thereof was filed with the governor of Georgia, the only state in which the applicant operates. No objections have been made on behalf of that state.

The applicant was incorporated under the laws of Georgia on February 8, 1898, with a capital stock of \$20,000, all of which is now owned by the Southern Railway Company. By amendment of charter, dated February 21, 1921, its authorized capital stock was increased to \$40,000.

The applicant's road lies entirely within the state of Georgia, extending from Bowersville, on the Southern Railway, through Air Line, to Hartwell, a distance of about 9.6 miles.

Under its first mortgage, dated March 1, 1898, the applicant issued \$20,000 of bonds, bearing interest at the rate of 5 per cent per annum, and maturing on March 1, 1928. The lien of this mortgage extended to 81 acres of land at Air Line. In the summer of 1920 the applicant availed itself of an opportunity to make an advantageous sale of this land, it not being needed for railroad purposes. In order to release the land from the lien of the mortgage, arrangements were made with the Southern Railway Company, which then owned all of the bonds, for their surrender and cancellation. This has been

done and the mortgage released. In exchange for the bonds so surrendered the applicant was to issue \$20,000 of capital stock and deliver it to the Southern Railway Company. The application is for authority to issue and deliver stock accordingly.

The applicant's balance sheet as of December 31, 1920, shows investment in road and equipment at \$76,876.82, and a corporate surplus of \$56,218.72. It has no bonds outstanding.

We find that the proposed issue of capital stock by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof;

It is ordered, That the Hartwell Railway Company be, and it is hereby, authorized to issue shares of its capital stock in the aggregate amount of \$20,000, par value, and to deliver said stock to the Southern Railway Company in exchange for bonds as set forth in the application; the shares of stock so issued to be represented by certificates substantially in the form submitted with the application.

It is further ordered, That the applicant shall, within 10 days thereafter, report to us all pertinent facts relating to the issue of said stock, such report to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

FINANCE DOCKET No. 1374.

IN THE MATTER OF THE APPLICATION OF THE NORTHERN PACIFIC RAILWAY COMPANY AND THE GREAT NORTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE SECURITIES.

Submitted April 11, 1921. Decided April 21, 1921; Amended May 6, 1921.

1. Authority granted to applicants to issue \$230,000,000, principal amount, of their joint 15-year convertible gold bonds at not less than 91½ per cent of par as of July 1, 1921, interest to be adjusted from or to dates of payment before or after July 1, 1921.
2. Authority granted to Northern Pacific Railway Company to issue and pledge, under a trust indenture securing the joint bonds, \$33,000,000, principal amount, of its refunding and improvement mortgage bonds, series B, and to use them, as released from pledge, in conversion of the joint bonds.
3. Authority granted to Great Northern Railway Company to issue and pledge, under said indenture, \$33,000,000, principal amount, of its general-mortgage gold bonds, series A, and to use them, as released from pledge, in conversion of the joint bonds.
4. Authority granted to Northern Pacific Railway Company to issue, at par and accrued interest and from time to time upon payment or conversion of the joint bonds, its said mortgage bonds to an additional aggregate principal amount not exceeding \$107,000,000.
5. Authority granted to Great Northern Railway Company to issue, at par and accrued interest and from time to time upon payment or conversion of the joint bonds, its said mortgage bonds to an additional aggregate principal amount not exceeding \$107,000,000.
6. Authority granted to Great Northern Railway Company to pledge under its general gold-bond mortgage, \$12,132,000, principal amount, of its first and refunding mortgage gold bonds.
7. Authority granted to Great Northern Railway Company to pledge under its general gold-bond mortgage, an additional \$24,200,000, principal amount, of its first and refunding mortgage gold bonds, subject to the existing pledge thereof with the Secretary of the Treasury.
8. Joint trust indenture and Great Northern Railway Company's general gold-bond mortgage approved.

Charles W. Bunn for Northern Pacific Railway Company.

Erasmus C. Lindley for Great Northern Railway Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The Northern Pacific Railway Company and the Great Northern Railway Company, jointly, duly apply for an order under section 20a of the interstate commerce act approving their joint trust indenture to the First National Bank of the City of New York, as trustee, to

secure an authorized issue of \$230,000,000 of their joint 15-year 6½ per cent convertible gold bonds; approving a proposed issue by them of the entire \$230,000,000 of those bonds, hereinafter called joint 6½s; approving a proposed pledge by them under the indenture of 1,658,674 shares of the capital stock of the Chicago, Burlington & Quincy Railroad Company; approving a proposed issue and pledge thereunder by the Northern Pacific Railway Company of \$33,000,000 of its refunding and improvement mortgage gold bonds, series B; approving a proposed issue and pledge thereunder by the Great Northern Railway Company of \$33,000,000 of its general-mortgage gold bonds, series A; approving the general gold-bond mortgage of the Great Northern Railway Company to secure bonded indebtedness as provided therein; and approving the proposed issuance by either applicant, in event either of payment of joint 6½s or of conversion thereof as in the indenture provided, of its respective mortgage bonds against deposits of such stock as provided in the indenture and mortgages. The general gold-bond mortgage of the Great Northern Railway Company, approval of which is sought herein, obligates that company to pledge thereunder \$12,132,000 of its first and refunding mortgage gold bonds and, subject to an existing pledge with the Secretary of the Treasury, an additional \$24,200,000 of similar bonds.

A hearing upon the application was had on April 11, 1921. Due notice of the filing of the application and of the hearing was given. At the hearing there were no appearances except in behalf of the applicants. No objection to the granting of the application has been offered by any authority of any state in which either applicant operates.

There have been filed in this proceeding copies of the indenture, dated July 1, 1921, as executed on May 3, 1921; of the Northern Pacific Railway Company's refunding and improvement mortgage; of the Great Northern Railway Company's general gold-bond mortgage, as executed on May 3, 1921; and of its first and refunding gold-bond mortgage. Each such instrument prescribes the form of the bonds issuable thereunder.

The applicants are common carriers by railroad engaged in interstate commerce. Their application grows out of the necessity of paying or refunding \$215,227,000 of their 4 per cent joint and several bonds which are in the hands of more than 18,500 holders. These bonds, hereinafter called joint 4s, were issued under date of July 1, 1901, in payment for 1,076,135 shares of the capital stock of the Chicago, Burlington & Quincy Railroad Company of the par value of \$100 per share. They are secured solely by the pledge of 1,658,674 shares of that stock owned by the applicants. They will mature July 1, 1921; and the applicants, lacking available funds

with which to pay them, must issue and sell some form of securities sufficient in amount to raise substantially all of the \$215,227,000 required. For this purpose they have decided to issue the joint 6½s; and the uncontradicted evidence is that the issuance thereof is the best means now available for obtaining the necessary funds.

The joint 6½s are to be issued under date of July 1, 1921. They will bear interest from that date at the rate of 6½ per cent per annum, payable semiannually on January 1 and July 1, will mature July 1, 1936, and will be callable for redemption, as a whole or in amounts of not less than \$5,000,000, on 75 days' notice at 103½ per cent of par and accrued interest. Each holder of joint 6½s, whether or not they be called for redemption, will be entitled under section 1 of the third article of the indenture, to convert them at any time before maturity into a like principal amount of the Northern Pacific Railway Company's refunding and improvement mortgage bonds, series B, and/or of the Great Northern Railway Company's general-mortgage gold bonds, series A. But this right of conversion into the mortgage bonds of either applicant will cease when \$115,000,000 of its bonds, less an amount equal to one-half of the principal amount of joint 6½s redeemed, shall have been issued upon such conversion. Upon each conversion, except when made upon an interest date, accrued interest will be adjusted in cash. The evidence shows that the calling of joint 6½s for redemption would probably result in the conversion of the greater part of the bonds so called.

Many of the joint 4s are held by insurance companies, savings banks, trust companies, trustees, and other similar investors. In several of the chief investment states bonds secured by stock collateral alone can not now be lawfully purchased and held by such investors. It is believed, however, that the provision for conversion will not only enable the applicants to reach this market but will also insure the early substitution of mortgage bonds for a considerable portion of the joint 6½s without any calling of the latter for redemption.

The indenture obligates the applicants to pledge thereunder the above-mentioned 1,658,674 shares of stock. It provides, also, that each applicant shall pledge thereunder \$33,000,000 of its mortgage bonds.

Between July 1, 1914, and December 31, 1920, the Northern Pacific Railway Company expended for additions and betterments properly chargeable to capital account \$45,208,083.66, none of which has been capitalized. It now proposes to reimburse its treasury in part for these expenditures by drawing down on account thereof, under the fourth article of its refunding and improvement mortgage to the Guaranty Trust Company of New York, having date July 1, 1914,

\$33,000,000 of series-B bonds, and to pledge the same under the indenture. These bonds will be dated January 1, 1921, mature July 1, 1947, bear interest from July 1, 1921, at the rate of 6 per cent per annum, payable semiannually on January 1 and July 1, and be callable for redemption after July 1, 1936, on any interest date on three months' notice at 110 per cent of par and accrued interest.

The Northern Pacific Railway Company's mortgage reserves, of the bonds issuable thereunder, \$222,400,000 for issuance from time to time for the purpose of purchasing, paying, or retiring joint 4s before, at, or after their maturity. Section 4 of the third article thereof provides that \$1,000 of the bonds so reserved may be issued for each \$500 of the pledged stock upon its release from pledge and deposit with the trustee thereunder. That company seeks authority to issue from time to time, pursuant to this provision, its mortgage bonds to an aggregate amount of not more than \$107,000,000. These bonds will be series-B bonds, similar in all respects to the \$33,000,000 of its bonds above described.

The maximum interest rate permissible under the Great Northern Railway Company's first and refunding gold-bond mortgage is 5 per cent. That company can not procure the issuance of bonds thereunder against deposits of the stock, unless it deposits a majority of the issued and outstanding shares. It does not own a majority of the shares. It therefore determined to execute and deliver under date of January 1, 1921, to the First National Bank of the City of New York its general gold-bond mortgage. Section 5 of the third article thereof provides for the issuance of \$140,000,000 of series-A bonds to be dated July 1, 1921, mature July 1, 1936, and bear interest at the rate of 7 per cent per annum, payable semiannually on January 1 and July 1. These bonds will not be redeemable before maturity.

The Great Northern Railway Company proposes to draw down under that section and to pledge under said indenture \$33,000,000 of series-A bonds. The remainder, \$107,000,000, thereof are reserved by that section for issue from time to time for the purpose of exchanging, redeeming, or retiring upon surrender for conversion, in accordance with the terms of the indenture, a like principal amount of the joint 6½s. Authority is sought to issue, from time to time, pursuant to this provision, series-A bonds to an aggregate amount of not more than \$107,000,000.

The mortgage bonds of each applicant, including, when and as released, those pledged under the indenture or such part thereof as may be required, will be used, or available for use, upon conversion of the joint 6½s.

The indenture provides that, upon any redemption of joint 6½s, the trustee thereunder shall release to each applicant in respect

of each \$1,000 of bonds so redeemed \$100 of its pledged mortgage bonds and \$385, par value, of the pledged stock. It also provides that, upon any surrender of joint 6½s for conversion into the mortgage bonds of either applicant, the trustee shall release to that applicant, for each \$100 of bonds so surrendered and against delivery to the trustee of \$100 of such applicant's mortgage bonds, \$77, par value, of the pledged stock and \$20 of its pledged mortgage bonds. Each redemption or conversion of joint 6½s will, therefore, result in a partial severance of the applicants' joint ownership of the stock.

There have been issued and are actually outstanding \$35,668,000 of the Great Northern Railway Company's first and refunding mortgage gold bonds due May 1, 1961. There have been pledged with the Secretary of the Treasury to secure a loan to that company, under section 210 of the transportation act, 1920, \$24,200,000 of similar bonds. It is desirable that this company's general gold-bond mortgage be a first lien on a majority of the bonds issued and outstanding under its first and refunding gold-bond mortgage. Therefore, it proposes to close its first and refunding gold-bond mortgage with \$72,000,000 of bonds issued and outstanding thereunder, of which \$35,668,000 will remain in the hands of the public. The balance, \$36,332,000, will be pledged under the general gold-bond mortgage, which provides for the pledge thereunder of \$24,200,000 of such bonds, subject to the existing pledge thereof with the Secretary of the Treasury, and of an additional \$12,132,000 thereof now held by the company unencumbered in its treasury.

The applicants proposed in their application to issue and sell the joint 6½s at some convenient time on or before July 1, 1921, through contract with a syndicate of bankers, upon the syndicate's undertaking to provide on or before that date the moneys needed to pay the joint 4s. The applicants proposed to sell the joint 6½s at the best prices obtainable at the time when their issue might be authorized, and represented that it was impossible to obtain definite prices in advance of such authorization. It was shown at the hearing that the joint 6½s probably could not be sold to the public for more than 96½ per cent of par and accrued interest, and that the cost to the applicants of marketing the same, including a reasonable compensation to the syndicate and to the distributors, would be about 5 per cent of the principal amount of the bonds. On this basis the joint 6½s will be purchased by the syndicate at approximately 91½ per cent of par as of July 1, 1921. The effective rate of interest will be very high; but the uncontradicted evidence is that the terms mentioned are the best which can be obtained at the present time. It will be necessary for the applicants to provide some funds from other sources

in order to pay the joint 4s. This the evidence shows they will be able to do.

The outstanding capitalization of the Northern Pacific Railway Company as shown by its general balance sheet of December 31, 1920, is as follows:

Capital assets:

Investment in road	\$435,313,798.17
Investment in equipment, less accrued depreciation.....	46,540,245.09
Charges since December 31, 1919.....	8,586,275.15
Sinking funds	3,019.94
Deposits in lieu of mortgaged properties sold.....	594,150.83
Miscellaneous physical property.....	7,485,182.20
Investment in affiliated companies.....	186,643,780.83
Other investments	9,773,669.30
Total.....	694,940,121.51

Capital liabilities:

Capital stock—Common	\$248,000,000.00
Grants in aid of construction.....	3,406.60
Funded debt.....	315,065,000.00
Total.....	563,068,406.60

The corporate income accounts of the Northern Pacific Railway Company for the years 1909 to 1919, inclusive, show the following net income applicable to dividends and income surplus transferred to profit and loss:

Year ended—	Net income. ¹	Income surplus transferred.
June 30, 1909.....	\$21,639,140.09	\$7,534,350.09
June 30, 1910.....	22,295,944.84	4,936,259.34
June 30, 1911.....	20,441,846.50	3,082,266.50
June 30, 1912.....	19,661,714.62	2,808,814.62
June 30, 1913.....	21,809,464.87	3,453,517.82
June 30, 1914.....	19,892,228.53	2,295,247.36
June 30, 1915.....	18,819,040.33	1,462,820.33
June 30, 1916.....	25,729,873.65	8,369,873.65
Dec. 31, 1916.....	26,948,010.87	9,588,010.87
Dec. 31, 1917.....	29,502,685.59	12,142,685.59
Dec. 31, 1918.....	20,129,334.45	2,769,334.45
Dec. 31, 1919.....	22,836,736.74	5,476,736.74

The corporate income account of the Northern Pacific Railway Company for the year ended December 31, 1919, shows the following with respect to deductions from gross income:

Interest on funded debt.....	\$12,117,483.28
Interest on unfunded debt.....	214,862.57
Rent for leased roads.....	51,331.86
Miscellaneous rents	10,026.33
Miscellaneous income charges.....	413,961.34
Total.....	12,807,665.38

¹ The regular 7 per cent dividends on the common capital stock were paid during this period.

The outstanding capitalization of the Great Northern Railway Company as shown by the general balance sheet of December 31, 1920, is as follows:

Capital assets:

Investment in road and equipment less accrued depreciation.....	\$393,991,808.60
Improvements on leased railway property.....	21,703.23
Sinking funds.....	8,394.96
Deposits in lieu of mortgaged property sold.....	188,000.02
Miscellaneous physical property.....	4,917,414.86
Investments in affiliated companies.....	226,837,219.43
Other investments.....	8,516,857.66
Total.....	634,475,898.76

Capital liabilities:

Capital stock—Preferred.....	\$249,477,150.00
Premium on capital stock.....	81,268.44
Governmental grants in aid of construction.....	168,355.22
Funded debt unmatured.....	257,606,515.16
Nonnegotiable debt to affiliated companies.....	324,547.20
Total.....	507,657,836.02

The corporate income accounts of the Great Northern Railway Company for the years 1909 to 1919, inclusive, show the following net income applicable to dividends and income surplus transferred to profit and loss:

Year ended—	Net income. ¹	Income surplus transferred.
June 30, 1909.....	\$16,633,290.45	Dr. \$847,341.23
June 30, 1910.....	17,932,518.87	916,885.03
June 30, 1911.....	17,516,754.04	
June 30, 1912.....	20,903,924.05	2,703,273.30
June 30, 1913.....	24,354,814.93	4,277,989.61
June 30, 1914.....	19,880,501.78	3,311,122.14
June 30, 1915.....	20,427,728.69	2,099,540.05
June 30, 1916.....	27,625,169.28	2,311,582.87
Dec. 31, 1916.....	24,290,045.15	Dr. 1,040,034.18
Dec. 31, 1917.....	23,021,751.66	112,682.66
Dec. 31, 1918.....	18,793,845.93	690,420.21
Dec. 31, 1919.....	22,146,144.58	2,107,025.06

The corporate income account of the Great Northern Railway Company for the year ended December 31, 1919, shows the following with respect to deductions from gross income:

Interest on funded debt.....	\$11,735,927.01
Interest on unfunded debt.....	183,691.80
Miscellaneous rents.....	10,415.60
Miscellaneous tax accruals.....	111,964.53
Amortization of discount on funded debt.....	266,666.64
Miscellaneous income charges.....	692,181.71
Total.....	13,000,797.89

¹ The regular 7 per cent dividends on the preferred capital stock were paid during this period.

The proposed issue of joint 6½s will increase the fixed annual interest charges of each of the applicants by \$3,170,460, provided that none of the bonds are converted. Assuming a conversion of half the issue into the 7 per cent bonds of the Great Northern Railway Company and half into the 6 per cent bonds of the Northern Pacific Railway Company, the fixed annual interest charges would then be further increased by \$575,000 in the case of the Great Northern Railway Company and be correspondingly decreased by \$575,000 in the case of the Northern Pacific Railway Company. These figures do not reflect the additional cost to either applicant resulting from the sale of the joint 6½s at a discount.

The applicants have had their joint 4s outstanding for nearly 20 years. During that time they have made good earnings but have not reduced the principal amount of this obligation. The interest thereon has been more than met currently by their dividends from the Burlington stock, to purchase which the joint 4s were issued. The near approach of maturity presents the alternative of default, or of such refinancing as now appears to be practicable. And the testimony is that an extension or refunding of the present loan for a short term would be of no material benefit to applicants. The situation presents an emergency and we must deal with that situation as it is.

We approve the applicants' joint trust indenture and the general mortgage of the Great Northern Railway Company in the respective forms as executed on May 3, 1921, and filed with us.

We find that the proposed issue and sale of the joint 6½s, the proposed issue and pledge of mortgage bonds of the Northern Pacific Railway Company, the proposed use thereof upon conversion of joint 6½s, and the proposed issue of its mortgage bonds upon payment or conversion of joint 6½s (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

We find, also, that the proposed issue and sale of the joint 6½s, the proposed issue and pledge of general-mortgage gold bonds of the Great Northern Railway Company, the proposed use thereof upon conversion of joint 6½s, the proposed issue of its general-mortgage gold bonds upon payment or conversion of joint 6½s, and the proposed pledges of its first and refunding mortgage gold bonds (a) are for lawful objects within its corporate purposes,

and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

POTTER, *Commissioner*, concurring:

It appears to me that there is reason to apprehend that the dissenting opinions of COMMISSIONERS McCHORD and EASTMAN may leave erroneous impressions regarding the views of the Commissioners who concur in the majority report. I therefore make the following expression of my own views:

Attention has been called to the fact that the proposed plan for financing the Burlington joint 4s is expensive, and for this reason is hostile to the interests of the public and of the carriers. Undoubtedly the carrying out of the plan will be expensive. It should be pointed out, however, that the element of expense is due in substantial part to the fact that we declined to approve of the plan submitted to us on the application of the Burlington, and forced the utilization of the more expensive plan now submitted.

There is a suggestion of criticism because of the fact that the Great Northern and the Northern Pacific acquired the Burlington stock. I fail to see wherein we have license to criticize that transaction. Its merit is not involved in this case. There has been no inquiry regarding the propriety of it, and there is no record upon which fairly it could be criticized. It has stood unquestioned for 20 years, and for the purpose of this proceeding must be presumed by us to have been sound. Beyond this, the phenomenal record made by these three properties during the last 20 years in fairness should be regarded as justifying the relation which existed between them. That relation seems to harmonize with the consolidation provisions of the transportation act and to indicate that those who were responsible for it were leaders about 20 years ahead of the leaders of the present day.

It is suggested that some sinking-fund scheme should have been followed heretofore. A sufficient answer is that no such plan was adopted, and we must deal with conditions as we find them. It has not been pointed out how any sinking-fund scheme would have been helpful. The carriers have not, during the last 20 years, disbursed any undue or disproportionate amounts in dividends. They have spent vast sums for additions and betterments which were needed in the public interest. Any sinking-fund scheme which would have

withdrawn earnings with which to retire the Burlington joint 4s would have served no purpose except to force the issuance of other securities with which to replace the moneys which the sinking fund would have taken. Under the plans which universally have prevailed a large part of capital invested in railways has been represented by bonds. This has been in the public interest, and this method of financing undoubtedly will continue. The plan represents sound financing and has been forced by necessity as the best method. It would not have been and could not have been used if it were not supported by sound economic reasons. It is likely that when the Burlington joint 4s were put out the 20-year maturity was decided upon because it was believed that they could be refunded on a basis better than 4 per cent—which probably could have been done except for the World War.

The suggestion that an extension of two or three years should have been obtained has been answered by testimony that it is impossible to obtain such an extension. The intimation that a forced refunding on a 6 per cent basis should have been resorted to suggests a policy of repudiation which should not be encouraged by us. In this country the investor has the right to choose the investments which he will make. When, as in this case, he is entitled under the contract which he holds to receive a definite amount at a certain time, he has the right to demand that amount in the medium which his contract provides. To force an investor to receive in payment of his debt another security worth only 80 or 90 cents on a dollar would represent a policy of dishonesty, which we, on behalf of the American public, have no right to enforce and approve.

The situation before us is relatively simple. The joint 4s must be met on July 1, 1921, if the credit of the applicants and railroads generally is to be preserved. The results of a denial of this application would be disastrous to the railroads and to the public. The officers, directors, financial advisers, attorneys, and (practically without exception) the stockholders of each applicant have approved of the plan submitted. A public hearing has been had. No objection to the granting of the application has been offered by any state authority. There was no appearance at the hearing in opposition to the application. Full explanation was given regarding existing conditions in the financial and investment market. It probably would be impossible to put through any other plan by July 1. This application and the prior application by the Burlington have invited and urged our assistance for more than six months. The uncontradicted evidence is that the method proposed, despite its cost, is the best available and the only one the success of which is virtually assured.

McCHORD, *Commissioner*, dissenting:

In view of its tremendous importance and far-reaching consequences, the very large amount involved, and the effect upon our future action, I regret very much that I am unable to concur in the view of the majority. The plan submitted by the northern lines is, in my judgment, so expensive and so at variance with the spirit and purpose of the amended act, and so foreign to the interests of the public and the carriers, that I am constrained to withhold my assent. Among the details recited in the majority report certain striking facts stand out. Twenty years ago the northern lines jointly acquired approximately 97 per cent of the capital stock of the Burlington, and to obtain the funds necessary for the purchase, issued their joint and several 4 per cent bonds, aggregating \$215,227,000, maturing July 1, 1921, collaterally secured by deposits of the capital stock so purchased by them. During that period the Burlington dividends have paid the interest upon the joint 4s, the northern lines have distributed dividends upon their own capital stock, and have expended various sums in maintenance, betterments, and extensions; but nothing has been set aside as a sinking fund to retire any part of their bond issue, and at the end of the 20-year period they have failed to cancel a single dollar of the indebtedness incurred for the sole purpose of obtaining control of another trunk line. To postpone the day of reckoning they now propose a joint refunding issue of \$230,000,000, initially increasing their outstanding obligation by approximately \$15,000,000, to be floated in accordance with a plan which will net them about \$210,000,000, after deducting the discount and underwriting costs. Thus, at the threshold, not only are they faced with an expenditure of approximately \$20,000,000 to accomplish merely the flotation of the issue, but the net proceeds will fall almost \$5,000,000 short of the principal sum necessary to meet and retire the outstanding joint 4s, and, as frankly admitted, this deficit must be "dug up" from other sources. This is not all; they are to assume a 15-year undertaking to pay an interest rate increased by more than 50 per cent per annum, which will aggregate over \$86,000,000 additional fixed charges for that period, based upon a principal enlarged by nearly \$15,000,000, and callable at $3\frac{1}{2}$ per cent above par, equal to 12 per cent of par in excess of the initially available net. So, also, in the event the privilege of the conversion into the Northern Pacific 6s is exercised, within the prescribed limits, those bonds, although enjoying a lower interest rate, are callable after 15 years at a premium of 10 per cent of par.

The foregoing brief review discloses the prodigality of the transaction, the cost of which must sooner or later be met by travelers

and shippers or else impair by so much the resources of the applicants. Having been unable during a period of 20 years to abate a single dollar's worth of their outstanding joint 4s, there is scant hope that the northern lines will be able to reduce the new and more burdensome undertaking or even recoup the initial sacrifice with which it is to be launched, and the approval by the majority includes no such requirement for the future. Certainly, the present progression is in the direction of disaster. This is not a matter of negotiating a loan with which to continue those lines as going concerns, but solely to enable them to retain control of the Burlington; and it can not be successfully contended that the present scheme is necessary to maintain this triple alliance as a transcontinental system, in view of our power to prescribe through routes and joint rates and to provide for joint use of terminals upon appropriate terms.

Viewing the matter from all angles, I think we should limit our authorization to an issue of refunding bonds of the northern lines in an amount sufficient to retire the maturing issue, bearing interest at a rate of 6 per cent and secured by the joint mortgage and by the collateral now having a materially increased value, to be exchanged par for par by negotiation with the present bondholders. An admissible alternative would be an appropriate extension or renewal of the present obligations for a further period of something like two or three years, even at 7 per cent, the present indications being that the interest rate has passed the peak and will then have declined to a reasonable figure; and before the expiration of that time steps could be taken to place refunding bonds in the hands of investors on less costly terms.

EASTMAN, *Commissioner*, dissenting:

In a dissenting opinion in *Stock of Chicago, Burlington & Quincy R. R.*, 67 I. C. C., 156, 172, dealing with the application of the Chicago, Burlington & Quincy Railroad Company for authority to issue stock and bonds for dividend purposes, I made the following comment upon the refunding operation here under consideration:

In 1901 the holders of Burlington stock sold it at the excellent price of \$200 per share, and 4 per cent interest has since been paid upon that amount, equivalent to \$8 per share on the stock. If, upon maturity, they should be offered, in place of the collateral trust bonds, an equal amount of 6 per cent mortgage bonds (or bonds secured in part by the stock and in part by mortgage) of the Northern Pacific and the Great Northern, this would be equivalent to \$12 per share on the stock originally sold, or a return 50 per cent greater than has been paid for the past 20 years, combined with greater security. Would they reject such an offer and insist upon 8 per cent bonds, *doubling* the return, at a time when the railroads of the country are struggling desperately against a temporary tide of depression?

67 I. C. C.

I have enough confidence in the investors of the country so that I do not believe that they would, if the situation were frankly explained and its bearing upon the general welfare of the country made clear. I realize the difficulty in attempting to control what appear to be current rates of interest. But this is a unique situation, and I am confident that investors will readily appreciate that under its special circumstances, and looking beyond the immediate present, they have more to gain than to lose from forbearance and moderation.

Applicants and their financial advisors now say that I was wholly wrong in this belief. While no attempt has been made to communicate with any considerable number of the holders of the joint bonds, they state that they have interviewed a few of the larger holders and find no disposition to accept 6 per cent bonds, however secured, in substitution for the maturing 4 per cent bonds. On the contrary, they doubt whether many of the holders will accept in exchange even the proposed new bonds on a 6½ per cent basis, and they believe that it will be necessary to pay cash in settlement in more than three-fourths of the cases. Their plans, therefore, contemplate the sale of most of the new bonds to new purchasers for cash, and it is testified that the cost to applicants of this marketing will be about \$11,500,000.

Notwithstanding these statements, I cling to the belief that with our help and without employing brokers at the huge cost proposed, applicants could carry through this refunding operation upon much better terms. In this belief I rely, not upon altruism, but upon the enlightened self-interest of the holders of the joint 4s. Railroads generally are passing through a very trying period, and their welfare is vital to the welfare of the country. Friendly cooperation, such as I have in mind, on the part of the holders of maturing securities would not be an act of charity but in the long run an act of wisdom. If given the opportunity, I believe they would be quick to grasp the essentials of the situation and act accordingly. And such cooperation on their part would most assuredly react favorably both upon labor and upon the general public.

But we have the public interest to consider, and not merely the attitude or desires of the bondholders. The maturing joint 4s were originally issued to purchase the Burlington stock. The issue added nothing to the railroad property of the country, but had for its purpose only a shifting of control. To retain this control, applicants now propose to mortgage their own properties, invade the investment market with a new issue of \$230,000,000 of bonds, and pay brokers \$11,500,000 for selling these bonds to the public on a 6½ per cent basis. It seems to me that we should not, under existing critical conditions, permit railroad credit to be drawn upon in such a way and for such a purpose. It is admitted that many of the large holders of the maturing bonds, if paid in cash, will not now reinvest

in railroad securities. The new bonds will, therefore, tap and be a heavy drain upon the present inadequate market for such securities, without adding in the slightest degree to railroad facilities.

The same would have been true of the original plan for refunding with the help of Burlington bonds. There is evidence that the new securities proposed under that plan could probably have been sold to the public upon somewhat more favorable terms; but the cost of marketing would have been nearly as huge, and they would have drawn in the same way upon the present market for railroad securities.

Reduced to simple terms the facts are that applicants did not pay cash for the Burlington stock in 1901, but gave for it their 20-year notes, secured by the stock as collateral. These notes are due next July, and it is claimed that the holders are unwilling to extend, even if offered a very large increase in interest rate. Applicants therefore desire to meet their obligations in cash, and they can undoubtedly do so if permitted to pay the price; but the transaction will place a heavy burden upon the country and will impair the market for railroad securities which are needed for much more vital purposes.

Under the statute we can not approve an issue of securities unless we find that such issue is "compatible with the public interest." In the present case I think it clear that under the conditions which exist the maturing bonds ought in effect to be extended upon reasonable terms, and applicants ought not to be required to secure cash at huge cost for their payment. It seems equally clear that the plan of financing approved by the majority is not "compatible with the public interest." I therefore concur in the conclusions which Commissioner McCORD has reached. I feel confident, in view of prevailing railroad conditions, that these conclusions, if adopted by the Commission, would meet with widespread approval, and that this approval would even be shared by the holders of the maturing bonds, if the situation were made clear to them.

AMENDED AND SUPPLEMENTAL ORDER.¹

(May 6, 1921.)

Upon further consideration of the record in the above-entitled proceeding, and for good cause shown:

It is ordered, That the order entered in this proceeding on the 21st day of April, 1921, be, and the same is hereby, amended to read as follows:

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and the Commission hav-

¹ Original order not printed.

ing, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

1. *It is ordered*, That the proposed joint trust indenture of the Northern Pacific Railway Company and the Great Northern Railway Company in the form as executed on May 3, 1921, and filed with us, be, and it is hereby, approved.

2. *It is further ordered*, That the Northern Pacific Railway Company and the Great Northern Railway Company be, and they are hereby, authorized (1) to issue \$230,000,000, principal amount of their joint 15-year 6½ per cent convertible gold bonds under and pursuant to, and to be secured by, a proposed trust indenture to be executed and delivered under date of July 1, 1921, by them to the First National Bank of the City of New York as trustee, a copy of which was filed with the application; said bonds to bear interest at the rate of 6½ per cent per annum, payable semiannually on January 1 and July 1, to be dated July 1, 1921, to mature July 1, 1936, and to be substantially in the form set forth in said indenture; and (2) to sell said bonds at not less than 91½ per cent of par as of July 1, 1921, interest to be adjusted from or to dates of payment before or after July 1, 1921: *Provided, however*, That the proceeds of all bonds so sold shall be used solely for the purpose specified in said report.

3. *It is further ordered*, That the Northern Pacific Railway Company be, and it is hereby, authorized (1) to issue \$33,000,000, principal amount, of its refunding and improvement mortgage bonds, series B, under and pursuant to, and to be secured by, its refunding and improvement mortgage dated July 1, 1914, to the Guaranty Trust Company of New York, a copy of which was filed with the application; and (2) to pledge said bonds as collateral under said proposed indenture; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on January 1 and July 1, to be dated January 1, 1921, to mature July 1, 2047, to be in the form set forth in said mortgage and to be used as such collateral, and when, and from time to time as released, as such collateral, and to the extent necessary, to be used for conversion purposes as said joint bonds are surrendered for conversion into said Northern Pacific Railway Company's refunding and improvement mortgage bonds, series B, in accordance with the provisions of said joint indenture.

4. *It is further ordered*, That the Great Northern Railway Company be, and it is hereby, authorized (1) to issue \$33,000,000, principal amount, of its general-mortgage gold bonds, series A, under and pursuant to, and to be secured by, its proposed general gold-bond mortgage, to be dated January 1, 1921, to the First National Bank

of the City of New York, a copy of which was filed with the application; and (2) to pledge said bonds as collateral under said proposed indenture; said bonds to bear interest at the rate of 7 per cent per annum, payable semiannually on January 1 and July 1, to be dated July 1, 1921, to mature July 1, 1936, to be in the form set forth in said proposed mortgage and to be used as such collateral, and when, and from time to time as released, as such collateral, and to the extent necessary to be used for conversion purposes as said joint bonds are surrendered for conversion into said Great Northern Railway Company's general-mortgage 7 per cent bonds, series A, in accordance with the provisions of said joint indenture.

5. *It is further ordered*, That the Northern Pacific Railway Company be, and it is hereby, authorized to issue at par and accrued interest, and from time to time upon payment or conversion of said joint bonds in accordance with the provisions of said indenture, its refunding and improvement mortgage bonds, series B, to an aggregate principal amount not exceeding \$107,000,000 under and pursuant to, and to be secured by, its said mortgage; said bonds to be similar in all respects to the \$33,000,000 of such bonds above described and to be used solely for the purposes specified in said report.

6. *It is further ordered*, That the Great Northern Railway Company be, and it is hereby, authorized to issue at par and accrued interest, and from time to time upon payment or conversion of said joint bonds in accordance with the provisions of said indenture, its general-mortgage gold bonds, series A, to an aggregate principal amount not exceeding \$107,000,000 under and pursuant to, and to be secured by, its proposed general gold-bond mortgage; said bonds to be similar in all respects to the \$33,000,000 of such bonds above described and to be used solely for the purposes specified in said report.

7. *It is further ordered*, That the proposed general gold-bond mortgage of the Great Northern Railway Company in the form as executed on May 3, 1921, and filed with this Commission, be, and it is hereby, approved.

8. *It is further ordered*, That the Great Northern Railway Company be, and it is hereby, authorized to pledge as collateral under its proposed general gold-bond mortgage \$12,132,000, principal amount, of its first and refunding mortgage gold bonds, bearing interest at the rate of 4½ per cent per annum, payable semiannually on January 1 and July 1, dated May 1, 1911, maturing May 1, 1961, issued under and pursuant to, and secured by, its first and refunding gold-bond mortgage, dated May 1, 1911, to the Bankers Trust Company, and now held by said applicant unencumbered in its treasury; said bonds to be used solely as such collateral until otherwise ordered by this Commission.

9. *It is further ordered*, That the Great Northern Railway Company be, and it is hereby, authorized to pledge as collateral under its proposed general gold-bond mortgage, an additional \$24,200,000, principal amount, of its said first and refunding mortgage gold bonds, subject to the existing pledge thereof with the Secretary of the Treasury as security for a loan heretofore made to said company under section 210 of the transportation act, 1920; said bonds being similar in all respects to the \$12,132,000 of such bonds above described and to be used solely as such collateral until otherwise ordered by this Commission.

10. *It is further ordered*, That none of said securities shall be issued, sold, pledged, repledged, or otherwise disposed of by the applicants, or either of them, except as herein authorized.

11. *It is further ordered*, That within 30 days thereafter each applicant shall report to this Commission all pertinent facts relating to the issue, sale, or pledge by it of any of said securities and of the release from pledge of any such securities so pledged; and

12. *It is further ordered*, That nothing herein shall be construed to imply any guaranty or obligation as to any of said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1021.

IN THE MATTER OF THE APPLICATION OF THE TAMPA
NORTHERN RAILROAD COMPANY FOR A LOAN FROM
THE UNITED STATES TO MEET MATURING INDEBT-
EDNESS.

Submitted April 6, 1921. Decided April 22, 1921.

Application granted in part and loan of \$100,000 approved.

L. R. Powell, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Tampa Northern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 28, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet its maturing indebtedness and for other purposes. On April 2, 1921, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$200,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to meet its maturing indebtedness consisting of a 90-day note to the Bankers Trust Company of New York, matured February 24, 1921, principal amount, \$200,000. Loan desired from the United States is \$200,000.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$480,000 of Seaboard Air Line Railway Company first and consolidated mortgage series-A 6 per cent gold bonds, due 1945.
6. That the extent to which the public convenience and necessity will be served by the loan is indicated by applicant's statement that it could not adequately perform the service required of it as a common carrier if the expenditures for which the loan is requested be not made.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitaliza-
67 I. C. C.

tion, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The American Short Line Railroad Association made no recommendation to us in the matter of a loan to the applicant.

After investigation, we find that the making in part of the proposed loan by the United States, in the sum of \$100,000, for the purpose hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 86 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$100,000 by the United States to the Tampa Northern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$100,000.

4. That the time from the making thereof within which the loan is to be repaid in full is two years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$240,000, principal amount, of Seaboard Air Line Railway Company's first and consoli-

dated mortgage series-A 6 per cent gold bonds, due 1945, issued under an indenture of mortgage, dated September 1, 1915, executed by the Seaboard Air Line Railway Company to the Guaranty Trust Company of New York and William C. Cox as trustees. Said bonds are in definitive coupon form having coupon due September 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered M-26235 to M-26474, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 25th day of April, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the

opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 3d day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1182.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI PACIFIC RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 1, 1921. Decided April 22, 1921.

Proposed acquisition and operation by the Missouri Pacific Railroad Company of a line of railroad in Pulaski county, Ark., held not to be within the scope of paragraph (18) of section 1 of the interstate commerce act. Proceeding dismissed.

Edward J. White for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Missouri Pacific Railroad, a common carrier by railroad engaged in interstate commerce, on the 12th day of January, 1921, filed its application under paragraphs (18) to (20), inclusive, of section 1 of the interstate commerce act, for a certificate that the present public convenience and necessity require the acquisition and operation by it of the line of railroad heretofore owned and operated by the Little Rock & Argenta Railway Company, in Pulaski county, Ark.

Consideration having been taken of the matters and things involved as of record, it appears that the proposal covered by said application does not involve the construction or operation of a newly constructed line of railroad, nor the construction or operation of a new extension to a line of railroad, subsequent to the effective date of section 1, paragraph (18), nor the operation in interstate or foreign commerce of a carrier not heretofore engaged in interstate or foreign commerce. We are therefore of the opinion that paragraph (18) of section 1 of the interstate commerce act, as amended, does not apply to the facts presented, and that we are without jurisdiction under it to issue the certificate prayed for in the application.

An order will be entered dismissing the proceedings.

67 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 230.

IN THE MATTER OF FINAL SETTLEMENT WITH THE RECEIVER OF THE TENNESSEE, ALABAMA & GEORGIA RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 23, 1921.

1. The Tennessee, Alabama & Georgia Railroad Company (Charles Hicks, receiver) is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Tennessee, Alabama & Georgia Railroad Company (Charles Hicks, receiver) under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$59,950.17, from which there is deductible an amount of \$4,367.15 due from said Tennessee, Alabama & Georgia Railroad Company (Charles Hicks, receiver) to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

Charles Hicks for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Tennessee, Alabama & Georgia Railroad Company, a corporation of the states of Georgia and Alabama, hereinafter termed the carrier, is a steam railroad company which, during the federal-control period, engaged as a common carrier in general transportation, operating between Chattanooga, Tenn., and Gadsden, Ala., a distance of approximately 96.8 miles, its lines connecting at Chattanooga with the Central of Georgia Railway, Nashville, Chattanooga & St. Louis Railroad, and Southern Railway; at Cenchat, Ga., with the Central of Georgia Railway; and at Gadsden, with the Louisville & Nashville Railroad, Nashville, Chattanooga & St. Louis Railroad, and Southern Railway, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It was therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920. Charles Hicks was appointed receiver as of December 16, 1920, by the United States district court, eastern district of Tennessee.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the Director General. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$72,939.06, whereas our examination of the accounts shows the correct amount for that period to be \$59,950.17. The average mileage of road operated was 96.8 miles during the federal control period and 97.35 miles during the test period.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we have fixed the maintenance allowance at the amount claimed by the carrier.

We find a net credit of \$59,950.17 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$4,367.15 due from the carrier to the President, as operator of the transportation systems under federal control on account of traffic balances and other indebtedness. We are duly authorized by the court to certify amounts due the carrier under section 204 for payment to Charles Hicks, as receiver. The receiver has expressed his willingness to accept the amount thus determined by us in final settlement of all claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-40, under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Tennessee, Alabama & Georgia Railroad Company (Charles Hicks, receiver), hereinafter termed the carrier, is a corporation of the states of Georgia and Alabama and is a carrier as defined under section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount

payable to the Tennessee, Alabama & Georgia Railroad Company (Charles Hicks, receiver) is \$59,950.17.

2. The Commission also certifies that the amount due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness is \$4,367.15; and that the amount payable under section 204 to the carrier, after deducting the amount due from the carrier to the President, is \$55,583.02.

Dated this 25th day of April, 1921.

67 I. C. C.

FINANCE DOCKET No. 1170.

IN THE MATTER OF THE APPLICATION OF THE TEXAS,
OKLAHOMA & EASTERN RAILROAD COMPANY FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECES-
SITY.

FINANCE DOCKET No. 1171.

IN THE MATTER OF THE APPLICATION OF THE DE
QUEEN & EASTERN RAILROAD COMPANY FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECES-
SITY.

Submitted March 8, 1921. Decided April 23, 1921.

The applicants having commenced the construction of proposed extensions prior to the effective date of the transportation act, 1920, the issuance of the certificates of public convenience and necessity applied for held not to be within the Commission's jurisdiction. Proceedings dismissed.

J. H. Kirkpatrick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Texas, Oklahoma & Eastern Railroad Company and the De Queen & Eastern Railroad Company, carriers by railroad subject to the interstate commerce act, on January 4, 1921, filed separate applications for certificates that the present and future public convenience and necessity require each of said applicants to engage in operation over a through route between Valliant, Okla., and Dierks, Ark., formed by their respective lines together with newly constructed extensions thereof, which connect at the Arkansas-Oklahoma state line. These applications will be considered together.

Upon consideration of the record, we find that construction of the extensions was begun in good faith prior to the effective date of paragraph (18) of section 1 of the interstate commerce act and was diligently prosecuted to completion; and that the arrangement for operation of the trains of either of the applicants over the line of the other is substantially equivalent to a trackage right only. Under the circumstances, it is our opinion that the proposals do not fall

within the jurisdiction conferred by paragraph (18) of section 1 of the act, and that certificates are unnecessary.

An order dismissing the proceedings will be issued accordingly.

ORDER.

Investigation of the matters and things involved in these proceedings having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That these proceedings be, and they are hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1287.

IN THE MATTER OF THE APPLICATION OF THE KANSAS CITY SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted March 17, 1921. Decided April 23, 1921.

Authority granted (1) to issue, under date of November 30, 1920, a promissory note for \$10,687.50, payable on or before November 30, 1923, to the order of the Mercantile Trust Company; (2) to issue, under date of January 3, 1921, a promissory note for \$12,375, payable on or before January 3, 1924, to the order of the Helm Real Estate Company; and (3) to issue nine promissory notes, each for \$3,034.40, payable successively after date, at intervals of one year, to the order of the St. Joseph & Grand Island Railway Company. Terms and conditions prescribed.

Britton & Gray for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kansas City Southern Railway Company has applied for authority under section 20a of the interstate commerce act to issue promissory notes aggregating \$50,552.10 in respect to the purchase of certain land.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application, copies thereof were filed with the governor of each of the states in which the applicant operates. No objections have been made on behalf of those states.

The applicant submits that additional land is required for round-house and switchtrack purposes in the vicinity of its present facilities in the "east bottoms" at Kansas City, Mo. As the value of the land in this district is constantly advancing, acquisition of the tracts required for the applicant's purposes has been arranged in the interest of economy.

By a contract with the Mercantile Trust Company, dated November 30, 1920, the applicant purchased approximately 3.72 acres for \$14,250, of which amount one-fourth has been paid. It proposes to issue a note for \$10,687.50 to cover the unpaid balance. On January 3, 1921, the applicant similarly purchased about 4.38 acres from

67 I. C. C.

the Heim Real Estate Company for \$16,500, of which amount one-fourth has been paid, and the balance is to be evidenced by a note for \$12,375. These notes are to bear interest at the rate of 6 per cent per annum.

The applicant has negotiated with the St. Joseph & Grand Island Railway Company for the purchase of approximately 15.24 acres for \$30,544, subject to our authorization of the issue of notes covering nine-tenths of the purchase price, one-tenth being payable in cash. There will be nine of these notes, each in the amount of \$3,054.40, payable successively after date at intervals of one year each, with interest at the rate of 6 per cent per annum.

The proposed notes will be delivered at par to the vendors and secured by deeds of trust upon the respective tracts of land for the purchase of which they are to be given.

We find that the proposed issue of promissory notes by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Kansas City Southern Railway Company be, and it is hereby, authorized to issue, within 60 days after the date of this order, (1) one promissory note to be in the face amount of \$10,687.50, under date of November 30, 1920, and payable on or before November 30, 1923, to the order of the Mercantile Trust Company of Kansas City, Mo., with interest at the rate of 6 per cent per annum; (2) one promissory note in the face amount of \$12,375, under date of January 3, 1921, and payable on or before January 3, 1924, to the order of the Heim Real Estate Company of Kansas City, Mo., with interest at the rate of 6 per cent per annum; and (3) nine promissory notes, each in the face amount of \$3,054.40, to be dated as of the date of issue, and payable successively at yearly intervals beginning one year after date to the order of the St. Joseph & Grand Island Railway Company, with interest at the rate of 6 per cent per

annum; said notes to be issued for the sole purpose of covering at par deferred payments of purchase money for the several tracts of land and secured by deeds of trust thereon as set forth in the application.

It is further ordered, That the applicant shall, within 10 days after the execution and delivery of the deeds of trust securing the proposed notes, file with this Commission verified copies thereof.

It is further ordered, That said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, nor the proceeds thereof used, except as herein authorized.

It is further ordered, That the applicant shall report to the Commission all pertinent facts relating to (1) the issue of said notes; (2) their payment or satisfaction; and (3) the release of the aforesaid deeds of trust, within 10 days thereafter, respectively; said reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1059.

IN THE MATTER OF THE APPLICATION OF THE LAKE
ERIE, FRANKLIN & CLARION RAILROAD COMPANY
FOR A LOAN FROM THE UNITED STATES TO AID IN
PROVIDING NEW EQUIPMENT.

Submitted April 16, 1921. Decided April 25, 1921.

Application granted and loan of \$25,000 approved.

H. M. Johnston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Lake Erie, Franklin & Clarion Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 22, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with new equipment. On March 16, 1921, the applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$25,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows: Acquisition of one new Baldwin consolidated locomotive class 10-38-E 3724, estimated cost, \$45,075; to be financed by applicant, \$20,075; loan desired from the United States, \$25,000.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is an equivalent principal amount of preferred equipment-trust certificates.
6. That the extent to which the public convenience and necessity will be served is that the locomotive to be acquired with the proceeds of the loan is urgently needed to enable the applicant to handle the normal volume of traffic offered and thus enable it properly to meet the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to

the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 90 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$25,000 by the United States to the Lake Erie, Franklin & Clarion Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$25,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment are:

(a) The loan shall be repaid in equal semiannual installments of \$1,250 consecutively in 1 to 10 years from the making thereof.

(b) The loan shall be secured by the pledge of \$25,000, principal amount, of applicant's preferred series-E 6 per cent equipment-trust certificates, issued under an equipment-trust agreement dated March 31, 1921, executed by and between the applicant, the Baldwin Locomotive Works, as vendor, and the Lamberton National Bank, as trustee. Said certificates are in definitive form, without coupons, are in denomination of \$1,250, and are numbered 1 to 20, inclusive.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature, but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, preference being given to such security bearing the earliest date of maturity.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 26th day of April, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and,

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 29th day of April, 1921.

67 I. C. C.

FINANCE DOCKET No. 1253.

IN THE MATTER OF THE APPLICATION OF THE TEXAS
MIDLAND RAILROAD FOR AUTHORITY TO ISSUE
FIRST-MORTGAGE REFUNDING BONDS.

Submitted March 7, 1921. Decided April 25, 1921.

Authority granted to issue not exceeding \$500,000 of first-mortgage 4 per cent 30-year refunding bonds, and to sell said bonds at not less than par and accrued interest.

Coke & Coke for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Texas Midland Railroad has applied for authority under section 20a of the interstate commerce act to issue and sell \$500,000 of its first-mortgage 4 per cent 30-year refunding bonds.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application a copy thereof was filed with the governor of Texas, the only state in which the applicant operates. No objections have been made on behalf of that state.

The applicant owns and operates lines of railroad wholly within the state of Texas, extending from Ennis to Greenville and from Commerce to Paris. Between Greenville and Commerce its trains are now operated over the tracks of the St. Louis Southwestern Railway Company of Texas. By our certificate of convenience and necessity in *Certificate of Texas Midland R. R.*, 67 I. C. C., 445, we have authorized the applicant to construct and operate a new line of railroad between Greenville and Commerce in the state of Texas. The cost of constructing this connection is estimated at \$487,778.23.

Under its first mortgage dated August 1, 1908, to J. B. Martindale, E. H. R. Green, and Henry Hamilton, the issue of \$2,500,000 of bonds is authorized, of which \$2,000,000 have been issued and are now outstanding. The issue of the remaining \$500,000 of bonds is proposed, the proceeds to be used for the construction of the new line of railroad. These bonds will be disposed of at par to holders of the applicant's stock and outstanding bonds. There will be no underwriting or other expense involved.

We find that the proposed issue and sale of bonds by the applicant (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Texas Midland Railroad be, and it is hereby, authorized (1) to issue not exceeding \$500,000 of its first-mortgage 4 per cent 30-year refunding bonds; said bonds to be in coupon or registered form, to mature August 1, 1938, to bear interest at the rate of 4 per cent per annum, and to be issued under and pursuant to, and to be secured by, the mortgage dated August 1, 1908, made by the applicant to J. B. Martindale, E. H. R. Green, and Henry Hamilton; and (2) to sell said bonds at not less than par and accrued interest, the proceeds of such sales to be used solely for construction purposes as set forth in the application: *Provided, however*, That the aggregate amount of bonds sold in pursuance of the authority herein granted shall in no event exceed the amount necessary to yield proceeds sufficient to cover the cost of such construction.

It is further ordered, That, except as herein authorized to be issued and sold, said bonds shall not be sold, pledged, replighted, or otherwise disposed of by the applicant unless and until so ordered by this Commission.

It is further ordered, That for the period ending June 30, 1921, and for each six months' period thereafter, the applicant shall, within 30 days after the close of such period, report to this Commission all pertinent facts relating to (1) the issue and sale of said bonds; and (2) the use of the proceeds thereof, specifying the projects toward which such proceeds have been applied, and the account or accounts charged therewith; such reports to be signed and verified by an executive officer having knowledge of the facts, and to be made periodically until the requisite amount of said bonds have been sold and the proceeds thereof have been so used.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1382.

IN THE MATTER OF THE APPLICATION OF THE RENSSELAER & SARATOGA RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

FINANCE DOCKET No. 1381.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR AUTHORITY TO GUARANTEE INTEREST ON RENSSELAER & SARATOGA RAILROAD COMPANY BONDS.

Submitted April 12, 1921. Decided April 25, 1921.

1. Authority granted the Rensselaer & Saratoga Railroad Company to issue \$2,000,000 of first-mortgage 6 per cent 20-year gold bonds, and to deliver them to the Delaware & Hudson Company in accordance with a certain lease; and
2. Authority granted the Delaware & Hudson Company to assume obligation or liability as guarantor by indorsement in respect of the payment of interest on said bonds, and to sell them at par and accrued interest, the proceeds to be used to pay \$2,000,000 of bonds of the Rensselaer & Saratoga Railroad Company, maturing May 1, 1921.

Seymour Van Santvoord for Rensselaer & Saratoga Railroad Company.

Walter C. Noyes for Delaware & Hudson Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Rensselaer & Saratoga Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, hereinafter termed the Rensselaer company, applies for authority under section 20a of that act to issue \$2,000,000 of first-mortgage 6 per cent 20-year gold bonds. The Delaware & Hudson Company, a common carrier by railroad engaged in interstate commerce, hereinafter termed the Delaware company, has made application for authority under the same section to assume obligation or liability as guarantor by indorsement in respect of the payment of interest on said bonds. As these applications relate to the same bonds the proceedings thereon will be consolidated.

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By an agreement dated May 1, 1871, all the franchises, equipment, and other property of the Rensselaer company were leased to the Delaware company for a period which has been extended to January 1, 2500, the Delaware company agreeing, among other things, to pay as annual rental the interest accruing and becoming due upon certain bonds of the Rensselaer company and to guarantee the payment of such interest by indorsement upon the bonds. The Rensselaer company, under date of May 1, 1871, also executed a first mortgage of its property under which \$2,000,000 of bonds bearing interest at the rate of 7 per cent per annum and maturing May 1, 1921, were issued. The payment of the interest on these bonds was guaranteed by the Delaware company.

It is covenanted in the lease that upon the maturity of bonds with interest so guaranteed, the Rensselaer company shall issue new bonds, if so required by the Delaware company, the proceeds to be applied to payment of the maturing bonds. Provision is made in the lease that the mortgage securing such new bonds shall have priority over the estate created by the lease. In compliance with the requirement of the Delaware company contained in the resolution of its board of directors, passed on March 24, 1921, the Rensselaer company proposes to issue \$2,000,000 of bonds pursuant to a mortgage to be made by it to the United States Mortgage & Trust Company of New York, under date of May 1, 1921. The proposed bonds will bear interest at the rate of 6 per cent per annum, and will mature May 1, 1941. They will be delivered to the Delaware company, which will indorse on them its guaranty of the payment of the interest, and sell them to Kuhn, Loeb & Company at par and accrued interest, using the proceeds to pay the bonds of the Rensselaer company which mature on May 1, 1921. As the interest on the proposed bonds is less than the interest on the maturing bonds, the fixed charges of the Delaware company will be correspondingly reduced.

The applications were made under oath, signed, and filed on behalf of the applicants by an executive officer of each applicant duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the applications has been given to, and copies thereof filed with, the governor of each of the states in which the Delaware company operates. No objection to the granting of the applications has been offered by any state authority.

We find that the proposed issue of bonds by the Rensselaer & Saratoga Railroad Company and guaranty of payment of interest thereon by the Delaware & Hudson Company (a) are for lawful objects within the corporate purposes of the respective applicants, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the

Delaware & Hudson Company of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in these proceedings having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Rensselaer & Saratoga Railroad Company be, and it is hereby, authorized (1) to issue \$2,000,000 of first-mortgage gold bonds under and pursuant to, and to be secured by, a first mortgage to be made by it to the United States Mortgage & Trust Company, under date of May 1, 1921; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of November and of May in each year, and to mature May 1, 1941; and (2) to deliver said bonds to the Delaware & Hudson Company in accordance with the terms of a certain agreement of lease dated May 1, 1871, a copy of which is on file in these proceedings.

It is further ordered, That the Delaware & Hudson Company be, and it is hereby, authorized (1) to assume obligation or liability as guarantor by indorsement in respect to the payment of interest on said bonds in accordance with the aforesaid lease dated May 1, 1871; and (2) to sell said bonds at not less than par and accrued interest, the proceeds to be used solely to pay \$2,000,000 of bonds of the Rensselaer & Saratoga Railroad Company which mature on May 1, 1921, and which shall thereupon be canceled.

It is further ordered, That within 10 days after the execution of said mortgage, the Rensselaer & Saratoga Railroad Company shall file with this Commission a verified copy thereof.

It is further ordered, That the bonds hereinbefore authorized to be issued, delivered, and sold, shall not be in any other manner sold, pledged, repledged, or disposed of by either the Rensselaer & Saratoga Railroad Company or the Delaware & Hudson Company, unless and until so ordered by the Commission.

It is further ordered, That on or before June 30, 1921, the Rensselaer & Saratoga Railroad Company shall report to this Commission all pertinent facts relating to the issue and delivery of bonds as hereinbefore authorized, said report to be signed and verified by one of its executive officers having knowledge of the facts.

It is further ordered, That on or before June 30, 1921, the Delaware & Hudson Company shall report to this Commission all pertinent facts relating to (1) the assumption of obligation or liability in respect of the payment of interest on said bonds; (2) the sale of said bonds as hereinbefore authorized; (3) the use of the proceeds of sale in payment of \$2,000,000 of bonds of the Rensselaer & Saratoga Railroad Company which mature May 1, 1921; and (4) the cancellation of bonds so paid; said reports to be signed and verified by one of the executive officers of the Delaware & Hudson Company having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 993.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE MISSOURI, KANSAS & TEXAS RAILWAY COMPANY OF TEXAS FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT.

Submitted March 17, 1921. Decided April 26, 1921.

Application granted and loan of \$450,000 approved.

C. E. Schaff and Jos. M. Bryson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

C. E. Schaff, receiver of the railways and property of the Missouri, Kansas & Texas Railway Company of Texas, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receiver, on May 14, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the receiver in providing himself with new equipment. On June 15 and September 23, 1920, the receiver amended and supplemented the application.

In the application as amended and supplemented the receiver sets forth:

1. That the amount of the loan desired is \$450,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the receiver in the acquisition of freight-train cars as follows: 300 50-ton steel tank cars of 10,000-gallon capacity each, at \$3,007.23 each; total estimated cost, \$902,169; to be financed by applicant, \$452,169; loan desired from the United States, \$450,000.
4. The present and prospective ability of the receiver to repay the loan and to meet his obligations in regard thereto.
5. That the security offered is a first lien upon the equipment aforesaid.
6. That the extent to which the public convenience and necessity will be served is that the equipment is urgently needed for the transportation and distribution of fuel oil for locomotives.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capi-

talization, indebtedness, contract obligations, operation, and earning power of the receiver, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the receiver to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the receiver of \$300,923, or one-third of the cost of the equipment. The receiver has represented to us he will be able to finance a maximum of one-half of the cost of said equipment.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the receiver properly to meet the transportation needs of the public; that the prospective earning power of the property in the hands of the receiver, and character and value of the security offered, afford reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor and to meet his other obligations in connection with such loan and reasonable protection to the United States; and that the receiver is unable to provide himself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 102 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$450,000 by the United States to C. E. Schaff, receiver of the railways and property of the Missouri, Kansas & Texas Railway Company of Texas, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receiver, for the purpose of aiding the receiver in providing himself with new equipment, is necessary to enable the receiver properly to meet the transportation needs of the public.

2. That the prospective earning power of the property in the hands of the receiver and the character and value of the security offered are such as to furnish reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and to meet his other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$450,000.

4. That the time within which the loan is to be repaid in full is 15 years from July 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

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(a) The loan shall be repaid in equal annual installments of \$30,000 consecutively in 1 to 15 years from the making thereof.

(b) The loan shall be secured by the pledge of an equivalent principal amount of Missouri, Kansas & Texas Railway of Texas, 6 per cent receiver's equipment notes, issued under an agreement of conditional sale and indenture of lease, dated June 15, 1920, executed by and between the American Car & Foundry Company, the Central Union Trust Company of New York, as trustee, and the receiver. Said notes are in temporary form, without coupons, exchangeable for definitive coupon notes of the same series, substantially identical in tenor and of authorized denominations, when prepared, pursuant to the provisions of said agreement of conditional sale and indenture of lease. Said temporary notes are in the denomination of \$1,000 and are numbered 1 to 450 inclusive.

(c) So long as the receiver shall not be in default on any obligation evidencing the loan, he shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the receiver shall not be in default, collect such income, but shall remit to the receiver all of the same paid to him, and shall surrender to the receiver all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The receiver may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(e) The receiver shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said receiver to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The receiver has agreed in an instrument in writing, dated the 27th day of June, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the receiver in connection with the loan shall be so financed that the cost to him of any loans secured from sources other than the United States

shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the receiver has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the property in the hands of the receiver, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the receiver, in the opinion of the Commission, is unable to provide himself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 1st day of July, 1921.

67 I. C. C.

FINANCE DOCKET No. 1183.

IN THE MATTER OF THE APPLICATION OF THE COPPER RANGE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted April 20, 1921. Decided April 26, 1921.

Proposed abandonment by the Copper Range Railroad Company of the joint use of a station and certain trackage rights at Mass, Mich., over the property of the Chicago, Milwaukee & St. Paul Railway Company, held not to be within the scope of paragraph (18) of section 1 of the interstate commerce act. Proceeding dismissed.

Edward J. White for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Copper Range Railroad Company, a carrier by railroad subject to the interstate commerce act, on January 12, 1921, filed its application for a certificate of public convenience and necessity authorizing it to discontinue Mass, Mich., as a joint station with the Chicago, Milwaukee & St. Paul Railway Company, and to relinquish certain trackage rights for a distance of 0.7 mile, in Ontonagon county, Mich.

Upon consideration of the record we find that the abandonment proposed in the application consists in cessation of operation by the applicant over a portion of the tracks of the Chicago, Milwaukee & St. Paul Railway Company and the use of the station of the latter company at Mass, Mich., under a trackage right conveyed by contract. Under the circumstances it is our opinion that the proposals do not fall within the jurisdiction conferred by paragraph (18), section 1 of the act, and that a certificate is unnecessary.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1232.

IN THE MATTER OF THE APPLICATION OF THE ANN ARBOR RAILROAD COMPANY FOR AUTHORITY TO PLEDGE IMPROVEMENT AND EXTENSION MORTGAGE BONDS.

Submitted April 8, 1921. Decided April 26, 1921.

Authority granted to pledge with the Director General of Railroads \$25,000 of 30-year 5 per cent improvement and extension mortgage bonds as collateral in substitution for \$12,600 of two-year secured notes now constituting part of the collateral security for certain demand notes.

Curtiss, Mallet-Provost & Colt for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ann Arbor Railroad Company, by supplemental application filed in this proceeding on April 4, 1921, has applied for authority under section 20a of the interstate commerce act to pledge \$25,000 of its 30-year 5 per cent improvement and extension mortgage bonds with the Director General of Railroads.

During the years 1918 and 1919, the applicant issued to the Director General demand notes in the aggregate amount of \$492,700, pledging as collateral security in part \$12,600 of its two-year notes secured by a collateral indenture dated May 1, 1919, to the Empire Trust Company. The \$25,000 of bonds now proposed to be pledged are embraced in the lien of that indenture. As the secured notes so pledged mature on May 1, 1921, the applicant has made arrangements with the Director General for the substitution of bonds in the place thereof, the bonds to be released from the lien of the afore-said indenture pursuant to arrangements with the Empire Trust Company.

We find that the proposed pledge of bonds by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate supplemental order will be entered.

SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in the supplemental application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Ann Arbor Railroad Company be, and it is hereby, authorized to pledge with the Director General of Railroads \$25,000, principal amount, of its 30-year 5 per cent improvement and extension mortgage bonds in substitution for \$12,600 of its two-year secured notes which now constitute part of the collateral security for demand notes aggregating \$492,700, face amount, issued by the applicant to the Director General of Railroads in 1918 and 1919; such pledge to be made only upon the release and cancellation of said \$12,600 of applicant's two-year secured gold notes maturing May 1, 1921.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission within 10 days thereafter all pertinent facts relating to the pledge and release from pledge of said bonds, and the release from pledge and cancellation of said two-year secured notes, such reports to be in writing, signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said securities, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1175.

IN THE MATTER OF THE APPLICATIONS OF THE CHICAGO & EASTERN ILLINOIS RAILROAD COMPANY AND OTHERS FOR AUTHORITY TO ASSUME, AS LESSEES, OBLIGATION OR LIABILITY FOR CHICAGO & WESTERN INDIANA RAILROAD COMPANY BONDS.

Submitted January 7, 1921. Decided April 27, 1921.

Authority granted to assume obligation or liability in respect to \$7,000,000 of Chicago & Western Indiana Railroad Company's collateral-trust bonds, by entering into a joint supplemental lease with that company under which each applicant agrees to pay \$5,000 monthly to the trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof.

C. G. Austin, jr., for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago & Eastern Illinois Railroad Company and William J. Jackson, receiver of the Chicago & Eastern Illinois Railroad, the Chicago, Indianapolis & Louisville Railway Company, the Wabash Railway Company, the Grand Trunk Western Railway Company, and the Chicago & Erie Railroad Company, herein collectively termed the applicants, common carriers by railroad engaged in interstate commerce, severally seek authority under section 20a of the interstate commerce act to assume obligation or liability, as lessees, in respect of \$7,000,000 of 15-year 7½ per cent collateral-trust bonds issued by the Chicago & Western Indiana Railroad Company, hereinafter called the Western Indiana company, by entering into a proposed joint supplemental lease with that company, as lessor, whereby each applicant will agree to pay as additional rental to the trustee under the collateral-trust indenture securing such bonds, and monthly upon the respective dates when the several monthly sinking-fund installments of \$25,000 each provided for by the indenture become payable by said company, the sum of \$5,000, to be applied in partial satisfaction of such sinking-fund installments. The Chicago & Eastern Illinois Railroad Company and said receiver are treated herein as a single applicant. A copy of the pro-

posed lease and a copy of the indenture were filed with each application.

Each applicant owns one-fifth of the outstanding capital stock of the Western Indiana company, which has leased certain of its properties to the applicants, severally or in common, for a term of 999 years.

In order to assist the Western Indiana company in providing for the payment of \$15,000,000 of notes maturing September 1, 1920, we approved a loan of \$8,000,000 to it from the United States under section 210 of the transportation act, 1920, as amended, and also authorized it to issue said \$7,000,000 of bonds under the indenture which was made to the Bankers Trust Company, as trustee, under date of September 1, 1920.

By that indenture the Western Indiana company obligated itself to pay \$25,000 to the trustee on or before the first day of each month, beginning with October, 1920, to be held and applied by the trustee as a sinking fund for the purchase of such bonds before maturity; and to continue such payments until all of the bonds shall have been so purchased, or paid and canceled, by the Western Indiana company, or until a sum of money shall have been deposited with the trustee sufficient to purchase or redeem the bonds. Under the provisions of the indenture the bonds are redeemable on any interest date at 102½ per cent of their principal amount.

The Western Indiana company, being unable to pay such installments, has arranged with the applicants to enter into the proposed lease whereby each applicant severally agrees to pay additional rental of \$5,000 to the trustee every month, commencing November 1, 1920, and continuing until such installments shall no longer be payable by the Western Indiana company under the indenture. These payments by the applicants will be in reality advances to an affiliated carrier and will be so entered in the accounts of all parties to the transaction. Bonds purchased by the trustee are not to be canceled, but are to be placed in the sinking fund, and thereafter interest on all bonds so purchased is to be added to that fund. When the purposes of the sinking fund shall have been accomplished and all of said bonds shall have been purchased by the trustee, or paid and canceled by the Western Indiana company, the trustee will deliver to each applicant not in default under the lease the amount of such bonds which shall have been purchased, with the additional rentals paid by it, and also all additional bonds purchased with the interest paid on bonds held in the sinking fund for the account of such applicant.

Each application was made under oath, signed, and filed on behalf of the respective corporate applicant by one of its executive

officers duly designated for that purpose. The application of the Chicago & Eastern Illinois Railroad Company and William J. Jackson, receiver of the Chicago & Eastern Illinois Railroad, was also made under oath, signed, and filed by said receiver pursuant to an order of the court by which he was duly appointed. As required by section 20a of the interstate commerce act, notice of the filing of each application has been given to, and a copy thereof filed with, the governor of each state in which the applicants operate. No objection to the granting of any application has been offered by any state authority.

We find that the proposed assumption of obligation or liability by each applicant, as lessee, in respect of said bonds (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by such applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That each of the applicants herein, the Chicago & Eastern Illinois Railroad Company and William J. Jackson, receiver of the Chicago & Eastern Illinois Railroad, together constituting a single applicant; the Chicago, Indianapolis & Louisville Railway Company, the Wabash Railway Company, the Grand Trunk Western Railway Company, and the Chicago & Erie Railroad Company, be, and it is hereby, authorized to assume obligations or liability, as lessee, in respect of \$7,000,000 of 15-year 7½ per cent collateral-trust bonds issued by the Chicago & Western Indiana Railroad Company, by entering into a joint supplemental lease, substantially in the form submitted with the application, under date of September 1, 1920, with the Chicago & Western Indiana Railroad Company, as lessor, and therein and thereby agreeing to pay as additional rental to the Bankers Trust Company, trustee, under the collateral-trust indenture securing said bonds, on November 1, 1920, and monthly thereafter upon the respective dates when the several monthly sinking-fund installments of \$25,000 each provided for by said indenture become payable by the Chicago & Western Indiana Railroad Company, the

sum of \$5,000, to be applied in partial satisfaction of said installments, and to be used solely for the purposes specified in said indenture; said payments of additional rental to continue until all of said bonds shall have been purchased by said trustee, or paid and canceled by the Chicago & Western Indiana Railroad Company, or until a sum of money shall have been deposited with said trustee sufficient to purchase or redeem said bonds under the provisions of said indenture.

It is further ordered, That, within 10 days after the execution and delivery of said joint supplemental lease, there shall be filed with this Commission a copy thereof as so executed, which copy shall be verified by each applicant.

It is further ordered, That each applicant shall (1) for the period ending April 30, 1921, and for each period of six months thereafter until the last installment of said additional rental payable by it shall have been paid and reported, report to the Commission, within 30 days after the close of each said period, all pertinent facts relating to the payment by it of such additional rental, and (2) upon payment of said last installment, report (a) the total amount of such additional rental paid by it, (b) the total amount of bonds received by it from the trustee, with the date or dates of receipt, and (c) its disposition of all bonds received by it from said trustee, each report to be in writing and signed by an executive officer of the applicant having knowledge of the matters contained therein and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States either as to said bonds, or interest thereon, or as to any assumption of obligation or liability in respect thereof by any applicant.

67 I. C. C.

FINANCE DOCKET No. 1080.

IN THE MATTER OF THE APPLICATION OF THE EVANSVILLE, INDIANAPOLIS & TERRE HAUTE RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted April 23, 1921. Decided April 29, 1921.

Proposed acquisition and operation by the Evansville, Indianapolis & Terre Haute Railway Company of a line of railroad in Indiana held not to be within the scope of paragraphs (18) to (20) inclusive, of section 1 of the interstate commerce act. Proceeding dismissed.

John T. Beasley for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Evansville, Indianapolis & Terre Haute Railway Company, a common carrier by railroad engaged in interstate commerce, on November 9, 1920, filed its application under paragraphs (18) to (20), inclusive, of section 1 of the interstate commerce act, for a certificate that the present public convenience and necessity require the acquisition and operation by it of a line of railroad heretofore owned and operated by the Evansville & Indianapolis Railroad, in Indiana. The governor and Public Service Commission of Indiana approve the application.

Upon consideration of the record, we find that the application does not involve the acquisition or operation of a new line or extension of railroad, but that it concerns a road which was constructed and in operation prior to the effective date of the paragraphs in question. Under these circumstances, it is our opinion that the proposals of the applicant do not fall within the jurisdiction conferred by these paragraphs and that a certificate is unnecessary.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 1093.

IN THE MATTER OF THE APPLICATION OF THE ST. LOUIS SOUTHWESTERN RAILWAY COMPANY AND ST. LOUIS SOUTHWESTERN RAILWAY COMPANY OF TEXAS FOR AUTHORITY TO ISSUE JOINT NOTES.

Submitted April 18, 1921. Decided April 29, 1921.

Authority granted to the St. Louis Southwestern Railway Company and the St. Louis Southwestern Railway Company of Texas to issue joint promissory notes in the aggregate amount of \$384,990 in connection with the procurement of 10 locomotives.

Daniel Upthegrove for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIEL, EASTMAN, AND POTTER.
By DIVISION 4:

The St. Louis Southwestern Railway Company and the St. Louis Southwestern Railway Company of Texas, common carriers by railroad engaged in interstate commerce, seek authority under section 20a of the interstate commerce act to issue their joint promissory notes in the aggregate amount of \$384,990.

By a proposed contract to be dated as of September 18, 1920, the applicants have procured from the Baldwin Locomotive Works 10 locomotives with tenders. As rent they have paid the sum of \$128,330 and agreed to payments of \$64,165 at intervals of six months beginning April 18, 1921, and ending October 18, 1923, with interest on the deferred installments at the rate of 6 per cent per annum from October 18, 1920, to the respective dates of their payment. Joint interest-bearing promissory notes payable to the Baldwin Locomotive Works are proposed to be executed by the applicants under date of September 18, 1920, to cover the deferred installments. As the time for the payment of April 18, 1921, has passed, the issue of a note payable on demand to cover that payment will be authorized.

Until the applicants shall have made all payments of rent and other sums of money in conformity with the lease, the title to the locomotives will remain in the lessor. But upon the performance by the applicants of all the stipulations of the lease, they have the option, at any time within one month after the maturity of the last installment of rent, to purchase the locomotives for \$1, whereupon the locomotives will be conveyed by the lessor to the applicants.

It appears of record that all of the issued and outstanding capital stock of the St. Louis Southwestern Railway Company of Texas is owned by the St. Louis Southwestern Railway Company, and that these companies operate what is commonly known as the St. Louis Southwestern Railway system, running through freight and passenger trains thereon. As all their rolling stock is jointly owned, they submit that it will be in the interest of economy and efficiency for them to jointly acquire the additional locomotives and tenders needed to handle their increased traffic.

The applicants state that as between themselves their obligations and liabilities under the agreement of lease will be in the following proportion: St. Louis Southwestern Railway Company, 60 per cent; St. Louis Southwestern Railway Company of Texas, 40 per cent. In authorizing the issue of notes we are not to be understood as passing upon or in any way determining the respective rights and obligations of the parties thereto.

We find that the proposed issue of joint promissory notes by the applicants (*a*) is for a lawful object within their respective corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the St. Louis Southwestern Railway Company and the St. Louis Southwestern Railway Company of Texas be, and they are hereby, authorized to issue under date of September 18, 1920, six joint promissory notes in the aggregate face amount of \$384,990, each of said notes to be for \$64,165 and payable to the order of the Baldwin Locomotive Works, with interest at the rate of 6 per cent per annum from October 18, 1920, to the date of their respective maturities, one of said notes to be payable on demand and the remaining five to mature at intervals of six months beginning October 18, 1921, and ending October 18, 1923; said notes to be used to cover the periodical payments of rent for 10 locomotives with tenders in accordance with a proposed agreement of lease to be dated as of September 18, 1920, as set forth in the application.

It is further ordered, That said notes shall not be sold, pledged, re-pledged, or otherwise disposed of by the applicants, or either of them, except as herein authorized.

It is further ordered, That the St. Louis Southwestern Railway Company and the St. Louis Southwestern Railway Company of Texas shall report to this Commission all pertinent facts relating to (1) the issue of said notes as herein authorized within 10 days thereafter, and (2) the payment or satisfaction of each of said notes within 10 days after such payment or satisfaction; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1248.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF A LINE OF RAILROAD IN INDIANA.

Submitted April 26, 1921. Decided April 29, 1921.

Acquisition by applicant of control of the Evansville, Indianapolis & Terre Haute Railway Company, by purchase of entire capital stock, approved and authorized.

John K. Graves for applicant.

John T. Beasley for Evansville, Indianapolis & Terre Haute Railway Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a carrier by railroad subject to the interstate commerce act, on February 23, 1921, filed its application pursuant to paragraph 2, section 5, of the act, for approval of the acquisition of control of the Evansville, Indianapolis & Terre Haute Railway Company, hereinafter called the Terre Haute company, by the purchase of its entire capital stock. A hearing was duly held upon this application.

The Terre Haute company was organized on June 12, 1920, under the laws of Indiana, at the instance of the bondholders of the Evansville & Indianapolis Railroad Company. On June 3, 1920, the property of the Evansville & Indianapolis Railroad Company was sold pursuant to a decree of foreclosure and was bought by persons acting in the interest of the bondholders' committee. On June 14, 1920, the property was conveyed to the Terre Haute company.

The road extends from Terre Haute, Ind., where it connects with applicant's road, to a point of connection with the Chicago & Eastern Illinois Railroad 3.5 miles north of Evansville, Ind. It comprises 134.15 miles of main track and 31.75 miles of sidetracks and spur tracks. Large quantities of bituminous coal of good quality are located along and contiguous to it. Much of this coal will be used for fuel by the applicant. The coal tonnage borne by the acreage reached by the Terre Haute company is estimated at 532,780,000 tons.

A large additional acreage can be reached by the construction of short branches. The road runs through a rich agricultural and stock-raising district.

On June 16, 1920, pursuant to an agreement made with the bondholders' committee dated February 19, 1920, the applicant came into possession of the property, as agent of the Terre Haute company, to operate the road for the benefit and at the risk of the Terre Haute company for a test period of three years, subject to termination in case of the prior exercise by applicant of an option granted in said agreement to purchase the entire capital stock of the Terre Haute company for \$1,000,000. The applicant is now operating said Terre Haute railroad, and has elected as of January 1, 1921, to exercise the option contained in the agreement of February 19, 1920.

The Evansville & Indianapolis road was in the hands of a receiver from February 29, 1916, to June 3, 1920. During that time its physical properties greatly depreciated. The Terre Haute company has practically no serviceable locomotives or other rolling stock. It has been enabled to transport a considerable tonnage by reason of the cooperation and aid of the applicant, but it requires rehabilitation before satisfactory results can be obtained from the standpoint of proper service. The acquisition by the applicant of the Terre Haute company will result in more efficient and economical operation, and will facilitate putting the road in a position where it will be able properly to care for the needs of the communities it serves. Large economies will be effected by the joint use of applicant's passenger and freight facilities at Terre Haute, its shops at Terre Haute and Indianapolis, its rolling stock, and in the administration of the property.

The Terre Haute runs in the same general north-and-south direction as applicant's line from Cairo to Danville, Ill., the lines being from 25 to 35 miles apart and on opposite sides of the Wabash River. There is no substantial competition, actual or potential, between the two. The applicant's line furnishes a natural outlet for the products transported by the Terre Haute, the two forming a continuous route.

The entire authorized capital stock of the Terre Haute company, all of which is outstanding, is 42,900 shares of the par amount of \$100 each, and is controlled by the bondholders' committee. This the applicant proposes to purchase for \$1,000,000, making payment therefor with \$1,052,600 principal amount of the applicant's 6 per cent 20-year refunding and improvement mortgage bonds, of a new series. An application for authority to issue these securities is pending before us. Our approval herein goes only to the purchase by the applicant, at a price of not exceeding \$1,000,000, of the entire stock of

the Terre Haute company; and we expressly reserve the right to prescribe the terms, methods, and character of securities, if any, which the applicant may employ to effectuate the purchase; and our approval and authorization are upon the express condition that the par value of the stock acquired shall be appropriately reduced as we may hereafter order, and shall not be sold, pledged, or otherwise disposed of without our consent. No consolidation of the carriers into a single system for ownership and operation is contemplated. The governor and Public Service Commission of Indiana approve the application and state that, in their opinion, its approval by us will be in the public interest. Numerous letters in favor of the plan were filed by interested shippers.

Upon the facts presented and the conditions imposed, we find that the acquisition by the applicant of the control of the Terre Haute company will be in the public interest. An order will be issued accordingly.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to acquire, by purchase of the entire capital stock, the control of the Evansville, Indianapolis & Terre Haute Railway Company;

Provided, The authority hereinabove given extends only to the purchase by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company at a price not exceeding \$1,000,000 of the entire stock of the Evansville, Indianapolis & Terre Haute Railway Company; and

Provided further, That the right to prescribe the terms, methods, and character of securities, if any, which the Cleveland, Cincinnati, Chicago & St. Louis Railway Company may employ to effectuate the purchase, be, and it is hereby, reserved to the Interstate Commerce Commission; and

Provided further, That the authorization herein given is upon the express condition that the par value of the stock acquired shall be appropriately reduced as the Interstate Commerce Commission may hereafter order; and

Provided further, That the stock acquired shall not be sold, pledged, or otherwise disposed of without the consent of the Interstate Commerce Commission.

FINANCE DOCKET No. 1391.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIA BLUE RIDGE RAILWAY FOR AUTHORITY TO PLEDGE AND REPLEDGE BONDS AS SECURITY FOR SHORT-TERM NOTES.

Submitted April 11, 1921. Decided April 29, 1921.

Authority granted to pledge and repledge, from time to time, until otherwise ordered, all or part of \$35,000 of first-mortgage 6 per cent gold bonds, now held in applicant's treasury, as collateral security for any note or notes which may be issued under paragraph 9 of section 20a of the interstate commerce act.

James R. Caskie for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Virginia Blue Ridge Railway has applied for authority under section 20a of the interstate commerce act to pledge and repledge, from time to time, \$35,000 of its first-mortgage 6 per cent gold bonds as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without our authorization having first been obtained.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application, a copy thereof was filed with the governor of Virginia, the only state in which the applicant operates. No objection to the granting of the application has been made on behalf of that state.

The bonds proposed to be used for pledging purposes are payable on August 1, 1946, and are now held in the applicant's treasury, having been duly authenticated by the trustee under the mortgage securing them and delivered to the applicant prior to the effective date of section 20a. The mortgage was given by the applicant to the American Security & Trust Company of Washington, D. C., under date of August 1, 1916, and authorized the issue of \$400,000 of bonds, of which \$231,000 are outstanding in the hands of the public and \$134,000 are pledged as collateral security for a loan to

the applicant from the United States under section 210 of the transportation act, 1920, as amended.

We find that the proposed pledging of bonds by the applicant (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, until otherwise ordered by this Commission, the Virginia Blue Ridge Railway be, and it is hereby, authorized to pledge and repledge, from time to time, all or any part of \$35,000 of its first-mortgage 6 per cent gold bonds (now held in its treasury), as collateral security for any note or notes which may be issued by said applicant within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this Commission therefor having first been obtained; said pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with this Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1415.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted April 29, 1921. Decided April 29, 1921.

Application granted and loan of \$10,000,000 approved.

H. E. Byram and Burton Hanson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on April 29, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$10,000,000.
2. That the term for which the loan is desired expires January 1, 1923.
3. That the purposes of the loan and the uses to which it will be applied are to meet maturities, as follows:

Purposes.	Principal amount.	Financed by applicant.	Loan from United States.
Applicant's first-mortgage 5 per cent bonds, due July 1, 1921 (Wisconsin & Minnesota division).....	\$4,755,000	.....	.....
Applicant's first-mortgage 5 per cent bonds, due July 1, 1921 (Chicago & Lake Superior division).....	1,360,000	.....	.....
Interest on applicant's first-mortgage 5 per cent bonds, due July 1, 1921.....	3,363,488	.....	.....
Applicant's proportionate share of interest on bonds of Chicago Union Station Company, due July 1, 1921.....	250,000	.....	.....
Applicant's equipment-trust notes, due July 15, 1921, under equipment-trust agreement No. 24.....	460,446	.....	.....
Total.....	10,188,934	\$188,934	\$10,000,000

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$14,000,000 of applicant's general-mortgage 5 per cent gold bonds, due May 1, 1989.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 89 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$10,000,000, by the United States to the Chicago, Milwaukee & St. Paul Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$10,000,000.

4. That the date upon which the loan is to be repaid in full is January 1, 1923.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$14,000,000, principal amount, of applicant's general-mortgage 100-year 5 per cent gold bonds, due 1989, issued under an indenture of mortgage, dated

May 1, 1889, executed by the applicant to the United States Trust Company of New York, as trustee. Said bonds are in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, and same aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared, are in denomination of \$1,000,000 and are numbered 30 to 43, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 28th day of April, 1921, filed with the Interstate Commerce Commission, to the following conditions: The entire loan shall be used solely for the purpose of meeting the maturing of applicant's Wisconsin & Minnesota division mortgage 5 per cent bonds, in the principal amount of \$4,755,000, due July 1, 1921; also its Chicago & Lake Superior division mortgage 5 per cent bonds, in the principal amount of \$1,360,000, due July 1, 1921; also interest on its mortgage bonds and its share of interest on the bonds of the Chicago Union Station Company, which mature on July 1, 1921; also interest on its equipment-trust notes issued under equipment-trust agreement No. 24, maturing July 15, 1921. Reports to the Interstate Commerce Commission shall be made by the applicant on or before October 1, 1921, and every three months thereafter up to and including April 1, 1923, of the use made in respect of said loan. In event the Commission shall certify to the Secretary of the Treasury that

the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 30th day of April, 1921.

67 I. C. C.

FINANCE DOCKET No. 1050.

IN THE MATTER OF THE APPLICATION OF THE
WICHITA NORTHWESTERN RAILWAY COMPANY FOR
A LOAN FROM THE UNITED STATES TO MEET MATUR-
ING INDEBTEDNESS AND TO PROVIDE ADDITIONS
AND BETTERMENTS.

Submitted April 20, 1921. Decided April 30, 1921.

Application granted in part and loan of \$331,750 approved.

O. P. Byers for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Wichita Northwestern Railway Company, a carrier by rail-road subject to the interstate commerce act, hereinafter referred to as the applicant, on January 5, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet its maturing indebtedness and to provide itself with additions and betterments. On February 11, February 25, and April 20, 1921, applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$431,750.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the use to which it will be applied are as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Matured indebtedness:			
Retirement of applicant's first-mortgage 5 percent gold bonds..	\$250,000.00	.....	\$250,000.00
Additions and betterments to way and structures:			
Shoulders and ditches:			
Pratt to Vaughn.....	15,000.00	.....	15,000.00
Trousdale to Kinsley.....	10,000.00	.....	10,000.00
Track ties:			
Pratt to Vaughn.....	61,250.00	.....	61,250.00
Trousdale to Kinsley.....	26,250.00	.....	26,250.00
Side tracks and spurs.....	9,450.00	.....	9,450.00
Additions to shop and roundhouse at Pratt.....	25,000.00	.....	25,000.00
Shop machinery at Pratt.....	7,500.00	.....	7,500.00
Foundry at Pratt.....	7,500.00	.....	7,500.00
Additional side track:			
Storage spur track, 600 feet clearance at Pratt Junction.....	1,972.00	.....	1,972.00
North arm of wye, 1,600 feet at Pratt.....	4,561.10	.....	4,561.10
Transfer track, 1,000 feet clearance, at Iuka.....	3,466.90	.....	3,466.90
Industrial spur track, 1,600 feet, to five elevators, at Larned..	5,000.00	.....	5,000.00
Connection with A. T. & S. F. Ry. at Belpre, 500 feet.....	1,800.00	.....	1,800.00
Connection with Santa Fe Ry. spur transfer track, 1,000 feet.....	3,000.00	.....	3,000.00
Total.....	431,750.00	.....	431,750.00

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$600,000 of applicant's first consolidated mortgage 6 per cent bonds.

6. The extent to which the public convenience and necessity will be served is that the granting of the loan will enable the applicant to restore its credit, thus enabling it to finance its operations, promote the movement of traffic, and properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making in part of the proposed loan by the United States for the purposes and in the amounts hereinbelow set forth:

Purposes.	Estimated cost.	Financed by applicant.	Loan by United States.
Matured indebtedness: Retirement of applicant's first-mortgage 5 per cent gold bonds.....	\$250,000	\$50,000	\$200,000
Additions and betterments to way and structures as hereinabove set forth.....	181,750	.....	181,750
Total.....	431,750	50,000	381,750

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

The Public Utilities Commission of the State of Kansas has offered to cooperate with us in supervising the expenditures for additions and betterments made from the proceeds of the loan, with a view of seeing that such expenditures are judiciously made. Therefore, one of the conditions of the loan will be that the applicant shall expend the proceeds of the loan with the advice and concurrence of said Public Utilities Commission.

Another condition of the loan will be that the management of the applicant's property shall be, at all times during the life of the loan, satisfactory to us.

In consideration of the making of the loan the applicant has offered to finance in addition to the amount to be financed by it in the retirement of its first-mortgage 5 per cent gold bonds, as hereinabove set forth, current liabilities and short-term notes aggregating approximately \$128,000; making a total of \$178,000 to be so financed by it. Another condition of the loan will be that the financing to be done by the applicant shall be consummated or arranged for in a manner satisfactory to us within 90 days from the making of the loan.

An appropriate certificate will be issued.

Certificate No. 95 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$381,750 by the United States to the Wichita Northwestern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, and to provide itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$381,750.

4. That the time within which the loan is to be repaid in full is 10 years from June 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$600,000, principal amount, of applicant's first consolidated mortgage 10-year 6 per cent gold bond, due June 1, 1931, issued under an indenture of mortgage dated June 1, 1921, executed and delivered by the applicant to the Midwest Reserve Trust Company, of Kansas City, Mo., as trustee. Said bond is in temporary form, exchangeable for definitive coupon bonds of the same series and same aggregate principal amount, substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bond is numbered T-1 and is in the principal amount aforesaid.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain

the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 18th day of May, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before July 1, 1922; (4) the proceeds of the loan for additions and betterments shall be expended for the purposes for

which loaned, with the advice and concurrence of the Public Utilities Commission of the State of Kansas; (5) the management of applicant's property, at all times during the life of the loan shall be satisfactory to the Commission; and (6) the entire loan for maturing indebtedness (\$200,000) including the entire amount to be financed by the applicant (approximately \$178,000), shall be consummated or arranged for in a manner satisfactory to the Commission within 90 days from the making of the loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 11th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 1119.

IN THE MATTER OF THE APPLICATION OF THE MUSKEGON RAILWAY & NAVIGATION COMPANY FOR AUTHORITY TO ISSUE STOCK AND BONDS.

Submitted February 25, 1921. Decided April 30, 1921.

Authority granted to issue and sell (1) not exceeding \$304,900 of common capital stock for cash at not less than par; and (2) not exceeding \$304,900 of first-mortgage 6 per cent bonds at not less than 80 per cent of par and accrued interest. Terms and conditions prescribed.

George Clapperton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Muskegon Railway & Navigation Company has applied for authority under section 20a of the interstate commerce act to issue and sell \$416,500 of its common capital stock at par, and \$762,800 of its first-mortgage 6 per cent gold bonds at not less than 80 per cent of par and accrued interest.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application, a copy thereof was filed with the governor of Michigan, the only state in which the applicant operates. No request for a hearing has been made by any authority of that state, but the Michigan Public Utilities Commission has filed an answer asking for a dismissal of the application, alleging that we are without jurisdiction. It is our opinion that we have jurisdiction.

The applicant was organized March 21, 1918, for the purpose of building and operating a line of railroad from Muskegon to Muskegon Heights in the townships of Muskegon and Norton, Muskegon county, Mich., the projected total length being about 10 miles. It has an authorized capital stock of \$500,000, of which \$83,500 has been sold at par and is outstanding. On March 1, 1919, it executed a trust deed to secure an issue of \$1,000,000 of first-mortgage 6 per cent gold bonds, of which \$237,200 have been sold and are outstanding.

The cost of road and equipment was originally estimated at \$350,835. Expenditures already made amount to \$317,008. To com-

plete the work originally contemplated, it is now estimated that \$206,975 will be required, making the total cost \$523,983, which is \$173,148 more than the original estimate. The applicant states that the increase was caused by advances in cost of materials and labor and by modifications of the original plan. Extensions of the road, including additions to the portion already constructed, and connections with the rail lines of the Grand Rapids & Indiana Railway Company (Pennsylvania lines), the Grand Trunk Railway system (Toledo, Saginaw & Muskegon division), and the Pere Marquette Railway Company are also contemplated at an estimated cost of \$404,230.

The proposed issue and sale of stock and bonds are for the purpose of obtaining the necessary funds. To establish the amount of these requirements the applicant submits the following:

Deficiency in original estimate.....	\$173, 148. 00
Estimated cost of extensions, etc.....	404, 230. 00
Gross cost.....	577, 378. 00
Less construction material on hand.....	28, 558. 92
Net cost.....	548, 819. 08

The outstanding stock and bonds of the applicant were sold to local interests needing the service which its line renders. The applicant states that considerable difficulty will be experienced in disposing of any amount of stock unless it is upon the basis of joint sales of both stock and bonds to the same parties. The bonds run for a period of 30 years from March 1, 1919, and their sale at 80 per cent of par will cost the applicant about 7.75 per cent per annum, including interest and amortization of discount.

Sale of all the stock at par, and of all of the bonds at 80 per cent of par, would produce \$1,026,740, which is obviously an amount in excess of what is needed by the applicant to meet its requirements. Our order will therefore provide that the sale of stock and bonds shall not exceed an amount necessary to produce the requisite funds, namely, \$304,900 of stock at par, and a like amount of bonds at 80 per cent of par.

We find that the proposed issue and sale by the applicant of \$304,900 of stock at par and \$304,900 of bonds at 80 per cent of par (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Muskegon Railway & Navigation Company be, and it is hereby, authorized (1) to issue shares of its common capital stock in an aggregate amount not to exceed \$304,900, par value, and to sell said stock for cash at not less than par; the shares of stock so issued to be represented by certificates substantially in the form submitted with the application; and (2) to issue its first-mortgage 6 per cent gold bonds in an aggregate amount not to exceed \$304,900 and to sell said bonds at not less than 80 per cent of par and accrued interest; said bonds to be dated March 1, 1919, to mature March 1, 1949, to bear interest at the rate of 6 per cent per annum, and to be issued under and pursuant to, and to be secured by, the trust deed dated March 1, 1919, made by the applicant to the Grand Rapids Trust Company, and the proceeds of said sales to be used solely for construction purposes and acquisition of equipment as set forth in the application; *provided, however*, that the aggregate face value of stock and bonds to be sold in pursuance of the authority herein granted shall in no event exceed an amount which will yield proceeds sufficient to cover the cost of such construction and equipment.

It is further ordered, That except as herein authorized to be issued and sold, said stock and bonds shall not be sold, pledged, replighted, or otherwise disposed of by the applicant, unless and until so authorized by this Commission.

It is further ordered, That for the period ending June 30, 1921, and for each six months' period thereafter, the applicant shall within 30 days after the close of such period report to the Commission all pertinent facts relating to (1) the issue of said stock and bonds; (2) the sale of said stock and of said bonds, including description of securities sold, date of sale, to whom sold, terms of sale, proceeds realized therefrom, amount of discount, if any, and account or accounts in which charged; said reports to be signed and verified by an executive officer of the applicant having knowledge of the facts, and to be made periodically until the requisite amount of said stock and bonds shall have been issued and sold and the proceeds thereof have been used as hereinbefore authorized.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to such stock, or dividends thereon, or as to such bonds or interest thereon, on the part of the United States.

FINANCE DOCKET No. 164.

IN THE MATTER OF SETTLEMENT WITH THE LIBERTY-
WHITE RAILROAD COMPANY UNDER SECTION 204 OF
THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided May 2, 1921.

1. The Liberty-White Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Liberty-White Railroad Company under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$18,618.15. From this amount there is deductible \$2,500, the amount of payment under certificate No. B-3 dated May 20, 1920, leaving a balance of \$16,118.15, of which \$7,618.95 is payable to J. J. White, receiver, and \$8,499.20 is payable to the Liberty-White Railroad Company.

W. H. Jackson and J. J. White for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Liberty-White Railroad Company, a corporation of the state of Mississippi, hereinafter termed the carrier, is a steam railroad company which, since May 23, 1919, has engaged as a common carrier in general transportation, its line extending from McComb to Liberty, Miss., a distance of 24.2 miles. It connects at McComb with the Illinois Central Railroad, a line of railway which was under federal control during the federal-control period. Prior to May 23, 1919, the line was operated by J. J. White, receiver. During the entire federal-control period the line was operated as a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920. At the beginning of the federal-control period, 48.98 miles of line were in operation, but on December 24, 1918, a portion of the road 24.78 miles in length was abandoned pursuant to authority granted the receiver by the state of Mississippi.

On account of changes in mileage operated during the federal-control period as shown in preceding paragraph and also on account of operations during the federal-control period being conducted partly under the receivership and partly by the carrier subsequent to the receivership, we have made separate ascertainment of the actual results of operations during each of the above periods of federal control in comparison with the test period averages in establish-

ing the excess of credits due the receiver and the carrier. There was a deficit in railway operating income in each period.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal-control period. The return of the receiver under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to May 22, 1919, inclusive, of \$10,072.77, whereas as a result of our examination of the accounts and adjustment for changes in mileage operated we have arrived at an amount of \$7,618.95 for that period. The return of the carrier for the period subsequent to the receivership, or from May 23, 1919, to February 29, 1920, inclusive, indicated a net credit of \$6,498.32, whereas as a result of our examination of the accounts and the adjustment for changes in mileage operated we have arrived at an amount of \$14,393.34 for this period, from which should be deducted an amount of \$3,394.14 representing an adjustment of maintenance charges more fully explained in the next paragraph, together with the amount of certificate No. B-3 (\$2,500), leaving a balance due the carrier of \$8,499.20.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we have fixed the maintenance allowance at the amount claimed for the period of federal control during which the road was privately operated under the receivership. For the period subsequent to the receivership, we find it necessary to disallow \$3,394.14 of the maintenance charge.

The Director General states that no amount is due from either the receiver or the railroad company to the President, as operator of the transportation systems under federal control on account of traffic balances and other indebtedness.

We find a net credit of \$7,618.95 due the receiver, and a net credit of \$8,499.20 due the carrier under section 204 in reimbursement of deficits during federal control. The carrier and the receiver have expressed willingness to accept the respective amounts thus determined by us in final settlement of all their claims against the United States under section 204.

Appropriate certificates will be issued.

67 I. C. C.

Certificate No. B-42 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Liberty-White Railroad Company (J. J. White, receiver), hereinafter termed the carrier, is a corporation of the state of Mississippi and is a carrier as defined in section 204, of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the Liberty-White Railroad Company (J. J. White, receiver), is \$7,618.95.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

Dated this 5th day of May, 1921.

Certificate No. B-43 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Liberty-White Railroad Company, hereinafter termed the carrier, is a corporation of the state of Mississippi and is a carrier as defined in section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the whole amount payable to the Liberty-White Railroad Company is \$10,999.20.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

3. The Commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204, is \$8,499.20.

Dated this 5th day of May, 1921.

FINANCE DOCKET No. 1256.

IN THE MATTER OF THE APPLICATION OF THE
BANGOR & AROOSTOOK RAILROAD COMPANY FOR
AUTHORITY TO ISSUE NOTES, TO GUARANTEE AN
OBLIGATION, AND TO PLEDGE BONDS.

Submitted February 28, 1921. Decided May 2, 1921.

1. Authority granted to issue conditional-sale purchase notes in an aggregate amount not to exceed \$210,057.77, in conditional purchase of equipment under the terms of a contract entered into pursuant to the National Railway Service Corporation's equipment trust, first series, conditional-sale basis.
2. Authority granted to assume obligation or liability as guarantor and indorser in respect of an obligation of the National Railway Service Corporation to the United States for a loan on account of said equipment.
3. Authority granted to pledge \$100,000 of its consolidated refunding mortgage gold bonds with the Secretary of the Treasury, as security in part for said loan.

Henry J. Hart for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Bangor & Aroostook Railroad Company has applied for authority under section 20a of the interstate commerce act (1) to issue \$210,057.77 of its conditional-sale purchase notes pursuant to a contract for the conditional purchase of equipment, entered into by and between the National Railway Service Corporation, the Guaranty Trust Company of New York, and the applicant, known as carrier contract No. 3, subject to the terms of the equipment trust, first series, conditional-sale basis, of the National Railway Service Corporation, hereinafter termed the service corporation; (2) to execute a contract of guaranty and indorsement in respect to an obligation of the service corporation to the United States for a loan of \$53,100, under section 210 of the transportation act, 1920, as amended, to the service corporation, for the benefit of the applicant, on account of said equipment; and (3) to pledge \$100,000 of the applicant's consolidated refunding mortgage 4 per cent gold bonds, due July 1, 1951, with the Secretary of the Treasury, as part security for said loan.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us

thereunder. Upon receipt of the application, a copy thereof was filed with the governor of Maine, the only state in which the applicant operates. No objection has been offered to the granting of the application.

We have heretofore approved the service corporation as an agency or organization, in the language of the statute, "most appropriate in the public interest," to or through which loans for equipment authorized by section 210 of the transportation act, 1920, as amended, may be made for the construction and sale or lease of equipment to carriers. By our certificate No. 88, in *Loan to Bangor & Aroostook R. R.*, 67 I. C. C., 412, we have approved the making of a loan of \$53,100 from the United States to the service corporation, under section 210, for the purpose of aiding the applicant in providing itself with equipment necessary to enable it properly to meet the needs of the public.

The loan of \$53,100 is to be made available for the use of the applicant in the purchase of equipment through said equipment trust, and from other sources the service corporation will procure money which will also be available for the use of the applicant in the purchase of such equipment. The conditional-sale purchase notes will evidence the obligation of the applicant to pay for the equipment thus made available through said equipment trust; the contract of guaranty and indorsement will be executed by the applicant in respect of the obligation of the service corporation to the United States evidencing the loan under section 210 of the transportation act, 1920, as amended, in accordance with the requirements of our said certificate No. 88; and the \$100,000 of the applicant's consolidated refunding mortgage bonds are to be pledged with the Secretary of the Treasury as part security for said loan.

We find that the proposed issue and delivery of said conditional-sale purchase notes, the proposed assumption of liability as guarantor and indorser, and the proposed pledge of bonds (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof, made and filed a report containing its findings of fact and conclu-

sions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Bangor & Aroostook Railroad Company be, and it is hereby, authorized (1) to issue and deliver to the Guaranty Trust Company of New York, trustee, not to exceed \$210,057.77 of its conditional-sale purchase notes pursuant to a contract between the National Railway Service Corporation, the Guaranty Trust Company of New York, and said Bangor & Aroostook Railroad Company, dated April 1, 1921, and known as carrier contract No. 3, executed pursuant to the terms of the National Railway Service Corporation's equipment trust, first series, conditional-sale basis, dated November 1, 1920; said notes to be issued and to be payable on the dates required by said carrier contract No. 3, and to be substantially in the form submitted with the application; said \$210,057.77 of notes being equal to the aggregate of \$132,750 of trust certificates, \$67,901.63, interest on said certificates, and 9,406.14 for the contingent fund as provided in said carrier contract No. 3, and in said trust agreement; (2) to assume obligation or liability as guarantor and indorser in respect of an obligation of the National Railway Service Corporation to the United States in the sum of \$53,100, evidencing a loan under section 210 of the transportation act, 1920, as amended, such contract of guaranty and indorsement to be substantially in the form shown by exhibit C, attached to our certificate No. 88, dated April 14, 1921, in Finance Docket No. 1056; and (3) to pledge with the Secretary of the Treasury not to exceed \$100,000 of its consolidated refunding mortgage 4 per cent gold bonds (now held in its treasury), as part security for said loan of \$53,100 from the United States to said National Railway Service Corporation.

It is further ordered, That, except as herein authorized, said conditional-sale purchase notes and said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That said applicant shall report to this Commission all pertinent facts relating to (1) the issue of said conditional-sale purchase notes; (2) the guaranty and indorsement of said obligation of the National Railway Service Corporation; and (3) the pledge of said bonds, within 10 days after the same, or any of them, shall have been so issued, guaranteed, indorsed, or pledged; and (4) of the payment, discharge, or release from pledge, respectively, of the same within 10 days after they, or any of them, shall have been so paid, discharged, or released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said conditional-sale purchase notes, or interest

thereon, as to said contract of guaranty and indorsement of said obligation of the National Railway Service Corporation, or as to any of said bonds, or interest thereon.

SUPPLEMENTAL ORDER.

(May 6, 1921.)

Upon further consideration of the application filed in the above-entitled proceeding:

It is ordered, That our order of May 2, 1921, in said proceeding be, and it is hereby, so amended as to authorize the Bangor & Aroostook Railroad Company to pledge with the Guaranty Trust Company of New York not to exceed \$100,000 of consolidated refunding mortgage 4 per cent gold bonds (now held in its treasury) in accordance with the provisions of the trust agreement and carrier contract No. 3 referred to in said order.

It is further ordered, That except as herein amended said order of May 2, 1921, shall remain in full force and effect until otherwise ordered.

67 I. C. C.

FINANCE DOCKET No. 146. .

IN THE MATTER OF FINAL SETTLEMENT WITH THE
RECEIVER OF THE GULF, FLORIDA & ALABAMA RAIL-
WAY COMPANY UNDER SECTION 204 OF THE TRANS-
PORTATION ACT, 1920.

Submitted October 12, 1920. Decided May 4, 1921.

1. The Gulf, Florida & Alabama Railway Company (John T. Steele, receiver) is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Gulf, Florida & Alabama Railway Company (John T. Steele, receiver) under the provisions of paragraphs (f) and (g) of section 204, less the amount of payment under certificate No. B-33 dated April 6, 1921, is ascertained to be \$72,507.96, from which no amount is deductible as due from said Gulf, Florida & Alabama Railway Company (John T. Steele, receiver) to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

John T. Steele for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Gulf, Florida & Alabama Railway Company (John T. Steele, receiver), hereinafter termed the carrier, is a steam railroad company under receivership, which, during the federal-control period, engaged as a common carrier in general transportation, operating between Kimbrough, Ala., and Pensacola, Fla., a distance of approximately 143 miles, its lines connecting at Atmore, Ala., and at Pensacola with the Louisville & Nashville Railroad and at Kimbrough with the Southern Railway, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to May 20, 1918, inclusive, and is subject to the provisions of section 204 for the period from May 21, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period May 21, 1918, to February

29, 1920, inclusive, of \$506,490.28, whereas our examination of the accounts shows the correct amount for that period to be \$452,966.78. The average mileage of road operated was 143 miles during the federal-control period and 127.71 miles during the test period.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$10,458.82 of the maintenance charge.

We find a net credit of \$442,507.96 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$356,360.45, due from the carrier to the President as operator of the transportation systems under federal control on account of traffic balances and other indebtedness.

Under date of April 6, 1921, the Commission issued its certificate No. B-33 for a partial payment to the carrier in the sum of \$370,000 which certificate also stated that the amount due from the carrier to the President on account of traffic balances and other indebtedness, was \$356,360.45. A net amount of \$72,507.96 is therefore due the carrier under section 204 in reimbursement of deficits during federal control, from which no further amount is deductible as due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The receiver has expressed his willingness to accept the amount thus determined by us in final settlement of all claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-44 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Gulf, Florida & Alabama Railway Company (John T. Steele, receiver), hereinafter termed the carrier, is a corporation of the state of Florida and is a carrier as defined in section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the whole amount payable to the Gulf, Florida & Alabama Railway Company (John T. Steele, receiver) is \$442,507.96.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

3. The Commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204, is \$72,507.96.

Dated this 4th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 955.

IN THE MATTER OF THE APPLICATION OF THE EVANSVILLE, INDIANAPOLIS & TERRE HAUTE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MAKING ADDITIONS AND BETTERMENTS.

Submitted March 26, 1921. Decided May 4, 1921.

Application granted and loan of \$400,000 approved.

J. Peyton Clark for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Evansville, Indianapolis & Terre Haute Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on July 23, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in making additions and betterments to way and structures. On September 24, 1920, and March 18, 1921, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$400,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in making additions and betterments to way and structures as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
White River bridges.....	\$220,000	.....	.....
Reconstruction and strengthening of other bridges.....	175,000	.....	.....
Renewal of ties.....	100,000	.....	.....
Renewal and replacement of rails.....	190,000	.....	.....
Ballast.....	115,000	.....	.....
Total.....	800,000	\$400,000	\$400,000

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 30-year 7 per cent bonds, due May 1, 1950, in a principal amount equal to the amount of the loan.

6. That the extent to which the public convenience and necessity will be served is as follows: Transportation of coal from 13 mines originates on the applicant's main line. The mines produce at the rate of more than 1,000,000 tons per annum with a potential capacity of 4,000,000 tons. New companies have been organized which will give additional tonnage and the road is badly deteriorating and unable to handle the traffic offered. The making of the additions and betterments as proposed by the applicant will clear the situation locally and enable it to meet the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$400,000 for the purposes outlined in the application.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

In consideration of the making of the aforesaid loan, the applicant offered to finance 50 per cent of the additions and betterments. Our certificate will provide that the entire loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for the purposes for which loaned on or before July 1, 1922, in default of which the entire loan shall be due and payable.

An appropriate certificate will be issued.

Certificate No. 92 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$400,000 in eight parts, as hereinafter set forth, by the United States to the Evansville, Indianapolis & Terre Haute Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$400,000.

4. That the time from the making thereof within which each part of the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment are:

(a) The loan shall be made in eight equal parts and shall be secured, when and as the parts thereof are made, by the pledge, pro rata, of an equivalent, principal amount, of applicant's first-mortgage 30-year 7 per cent gold bonds, due 1950, issued under an indenture of mortgage, dated as of May 1, 1920, executed by the applicant to the Farmers Loan & Trust Company, of New York, and Samuel D. Miller, as trustees. Said bonds are in definitive coupon form, having coupon due on the interest date (May 1 and November 1) next following the making of the respective parts of the loan, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered 1501 to 1900, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any portion of the loan before maturity. When and as repayment is made on any part of the loan the collateral securing that part of the loan shall be released propor-

tionately, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing dated the 16th day of April, 1921, filed with the Interstate Commerce Commission, to the following conditions:

(1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made, and (2) the applicant shall furnish the Commission on or about January 1 and July 1, 1922, the detailed certificate, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before July 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 16th day of May, 1921.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE ADDITIONS AND BETTERMENTS.

Approved May 4, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Second Amendment to Certificate No. 79.

The Interstate Commerce Commission hereby further amends its certificate No. 79, of March 25, 1921, to the Secretary of the Treasury for a loan of \$1,451,500 to the Seaboard Air Line Railway Company, by changing subparagraph (d) of paragraph 5 of said certificate No. 79 to read as follows:

(d) The applicant may repay all or any portion of the loan before maturity. When and as any repayment is made upon said loan or any part thereof, the collateral security shall be released as provided in the instruments of pledge, referred to in subparagraph (b) of paragraph 5 hereof, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

Done at Washington, D. C., this 4th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1260.

IN THE MATTER OF THE APPLICATION OF THE NEW
YORK, CHICAGO & ST. LOUIS RAILROAD COMPANY
FOR AUTHORITY TO PLEDGE AND REPLEDGE BONDS
AS SECURITY FOR NOTES.

Submitted March 9, 1921. Decided May 4, 1921.

Authority granted to pledge and repledge, from time to time, until otherwise ordered, all or part of \$1,036,000 of second and improvement mortgage bonds, series A, (now held in applicant's treasury) as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

H. D. Howe for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York, Chicago & St. Louis Railroad Company has applied for authority under section 20a of the interstate commerce act to pledge and repledge, from time to time, \$1,036,000 of its second and improvement mortgage bonds, series A, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of that act without our authorization for such issue therefor having first been obtained.

The applicant is a common carrier by railroad engaged in interstate commerce. Its application was filed in accordance with the provisions of section 20a and the requirements prescribed by us thereunder. Upon receipt of the application a copy thereof was filed with the governor of each of the states in which the applicant operates. No objection has been made to its approval.

The authorized issue of bonds under the applicant's second and improvement mortgage of May 1, 1918, to the First Trust & Savings Company is limited, so that the amount thereof outstanding at any one time, together with its 25-year 4 per cent gold bonds of 1906, amounting to \$10,000,000, shall never exceed \$35,000,000. Of the \$25,000,000 of bonds issuable under the mortgage, \$4,956,000 have been issued and are now held by the public. The \$1,036,000 of bonds proposed to be used for pledging purposes are dated May 1, 1918,

bear interest at the rate of 6 per cent per annum, and are payable May 1, 1931. They were authenticated by the corporate trustee under the mortgage and delivered to the applicant prior to the effective date of section 20a in respect to expenditures made between May 1, 1919, and March 31, 1920, out of income or other moneys not procured by the issue of stock, bonds, notes, or other evidence of indebtedness for the discharge of applicant's obligations, as follows:

Equipment-trust certificates of 1916.....	\$110,000.00
Engine-trust certificates of 1916.....	30,000.00
First-mortgage bonds of the face value of \$121,000.....	98,256.10
Equipment-trust certificates of 1917 of the face value of \$133,000.....	122,340.00
Cost of 10 light mikado locomotives.....	535,562.50
Loan from Director General of Railroads, such loan having been used for the purchase and retirement of equipment-trust certificates of 1916.....	110,000.00
• Loan from Director General of Railroads, such loan having been used for the purchase and retirement of engine-trust certificates of 1916.....	30,000.00
Total.....	1,036,158.60

We find that the proposed pledging of bonds by the applicant (a) is for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, until otherwise ordered by this Commission, the New York, Chicago & St. Louis Railroad Company be, and it is hereby authorized to pledge and repledge, from time to time, all or any part of \$1,036,000 of its second and improvement mortgage bonds, series A, (now held in its treasury) as collateral security for any note or notes which may be issued by said applicant within the limitations of paragraph (9) of section 20a of the interstate commerce act without our authority therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by the Commission.

It is further ordered, That the applicant within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with the Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1021.

IN THE MATTER OF THE APPLICATION OF THE TAMPA
NORTHERN RAILROAD COMPANY FOR A LOAN FROM
THE UNITED STATES TO MEET MATURING INDEBT-
EDNESS.

Approved May 6, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amendment to Certificate No. 86.

The Interstate Commerce Commission hereby amends its certificate No. 86, of May 3, 1921, to the Secretary of the Treasury for a loan of \$100,000 to the Tampa Northern Railroad Company, by changing subparagraph (c) of paragraph 5 of said certificate No. 86 to read as follows:

(c) The applicant may repay all or any portion of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

Done at Washington, D. C., this 6th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1027.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE TOLEDO, ST. LOUIS & WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted May 2, 1921. Decided May 6, 1921.

Application granted in part and loan of \$692,000 approved.

Walter L. Ross for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

Walter L. Ross, receiver of the Toledo, St. Louis & Western Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receiver, on June 21, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the receiver in providing himself with equipment and other additions and betterments, and on January 22, 1921, amended said application.

In the application as amended the receiver sets forth:

1. That the amount of the loan desired is \$692,500.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the receiver in providing himself with equipment and other additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment:			
Six freight and switching locomotives.....	\$375,000	\$187,500	\$187,500
Additions and betterments to way and structures:			
5,000 tons of new 80-pound rail.....	89,000		80,000
35,000 yards of stone ballast.....	30,000		30,000
Enlargement of freight terminal at East St. Louis, Ill.....	40,000		40,000
Replacement of bridge 60-a at Dupont, Ohio.....	40,000		40,000
Replacement of bridge 123 at Bluffton, Ind.....	50,000		50,000
Replacement of bridge at Kokomo, Ind.....	15,000		15,000
Replacement of bridge at Warren, Ind.....	30,000		30,000
Construction of two storage tracks at Toledo, Ohio, terminal.....	30,000		20,000
Construction of reinforced concrete roundhouse at Frankfort, Ind.....	200,000		200,000
Total.....	880,000	187,500	692,500

5. That the security offered is receiver's certificates possessing a direct lien upon the property and assets of the receivership estate, superior to all other indebtedness except \$16,500,000 of underlying bonds and \$1,072,026.18 of equipment-trust obligations.

6. That the extent to which the public convenience and necessity will be served is that the receiver will be enabled promptly and efficiently to transport the traffic which is offered.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the receiver, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the receiver to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives, in considering the receiver's original application, which included all the items now before us as well as others, recommended a loan to the receiver of one-half the cost of equipment, and all the cost of the additions and betterments to be made. The receiver has shown that he will undertake to finance the purchase of other equipment and the construction of other improvements to railroad property in the near future, costing a sum largely in excess of the total amount of the loan requested.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amount hereinabove set forth, in even thousands of dollars, namely, \$692,000, is necessary in order to enable the receiver properly to meet the transportation needs of the public; that the prospective earning power of the property in the hands of the receiver, and character and value of the security offered, afford reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and to meet his other obligations in connection with such loan, and reasonable protection to the United States; and that the receiver is unable to provide himself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 91 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$692,000 by the United States to Walter L. Ross, receiver of the Toledo, St. Louis & Western Railroad Company, a carrier by railroad subject to the interstate com-

merce act, hereinafter referred to as the receiver, for the purpose of aiding the receiver in providing himself with equipment and other additions and betterments, is necessary to enable the receiver properly to meet the transportation needs of the public.

2. That the prospective earning power of the property in the hands of the receiver and the character and value of the security offered are such as to furnish reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor and to meet his other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$692,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repaid in 14 annual installments of \$46,000 consecutively in 1 to 14 years from the making thereof, and one installment of \$48,000 in 15 years from the making thereof.

(b) The loan shall be secured by the pledge of an equivalent principal amount of series-A 1921 6 per cent receiver's certificates of indebtedness, issued pursuant to and substantially in the form prescribed by an order of the district court of the United States for the northern district of Ohio, western division, dated April 8, 1921, in a cause therein pending and entitled *Horatio C. Creith, plaintiff, vs. Toledo, St. Louis & Western Railroad Company, defendant*. Said receiver's certificates of indebtedness shall bear date as of the date the loan is made, shall be in denomination of \$1,000, in temporary form, without coupons, numbered and maturing after date as follows:

Serial numbers, inclusive.	Number of certificates.	Period of maturity.	Serial numbers, inclusive.	Number of certificates.	Period of maturity.
		Years.			Years.
Nos. 1 to 46.....	46	1	Nos. 369 to 414.....	46	9
Nos. 47 to 92.....	46	2	Nos. 415 to 460.....	46	10
Nos. 93 to 138.....	46	3	Nos. 461 to 506.....	46	11
Nos. 139 to 184.....	46	4	Nos. 507 to 552.....	46	12
Nos. 185 to 230.....	46	5	Nos. 553 to 598.....	46	13
Nos. 231 to 276.....	46	6	Nos. 599 to 644.....	46	14
Nos. 277 to 322.....	46	7	Nos. 645 to 692.....	48	15
Nos. 323 to 368.....	46	8			

(c) So long as the receiver shall not be in default on any obligation evidencing the loan, he shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the receiver shall not be in default, collect such income, but shall remit to the receiver all of the same paid to him, and shall surrender to the receiver all coupons as they mature; but stock dividends declared

upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The receiver may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, preference being given to such security bearing earliest date of maturity, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(e) The receiver shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said receiver to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The receiver has agreed in an instrument in writing, dated the 2d day of May, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the receiver in connection with the loan shall be so financed that the cost to him of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the receiver shall furnish the Commission on or about January 1 and July 1, 1922, the detailed certificate under oath of his chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which the loan is made, or the entire loan for additions and betterments shall be repaid to the United States, on or before July 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the receiver has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Com-

mission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the receiver, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the receiver, in the opinion of the Commission, is unable to provide himself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 13th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1123.

IN THE MATTER OF THE APPLICATION OF THE
UVALDE & NORTHERN RAILWAY COMPANY FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY.

Submitted May 3, 1921. Decided May 6, 1921.

On rehearing, construction and operation of a line of railroad in Uvalde and Real counties, Tex., held not to be within the scope of paragraph (18), section 1, of the interstate commerce act. Proceeding dismissed.

Will A. Morriss and Harry H. Rodgers for applicant.

REPORT OF THE COMMISSION ON REHEARING.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

Our original report herein was issued March 1, 1921. The record as then made did not contain an assurance of a reasonably successful enterprise which would warrant the issue of a certificate of public convenience and necessity and the application was denied. Upon applicant's petition the case was reopened and a hearing was held for us by the Railroad Commission of Texas. Both that commission and the governor of the state have recommended that the application be granted.

At the further hearing it was established that on February 14, 1914, the promoters made a contract for the construction of the road on the present route for a stipulated price. In March, 1914, the company was incorporated in Texas under its present name. During the spring and summer of 1914 considerable engineering and other preparatory work of construction was done, including most of the grading on the first 11 miles. Construction work was stopped by the war and the contractor was paid \$43,000 for the work done by him prior to the time operations ceased. After the war the project was resumed. On January 27, 1920, one contract was made to finance the road and another to build it as a whole for an agreed price. These contracts were made by the individuals controlling the railroad and not by the corporation. On May 8, 1920, the corporation was reincorporated under the same name. This was done because of doubt as to the continued validity of the original charter, caused by limitations of time within which construction must be completed under the Texas statutes. Engineering work and

clearing of right of way were resumed in April, 1920. The road is now nearly completed and is in partial operation. The line as built carries out the original project.

We therefore find that construction was begun in good faith prior to the effective date of section 1, paragraph (18), and that the work has been prosecuted with reasonable diligence, under the circumstances, in accordance with the original plan. It follows that no certificate of public convenience and necessity is required.

An order will be entered dismissing the proceeding.

ORDER.

It appearing, That on March 1, 1921, the Commission entered its report and order in the above-entitled proceeding, and on March 23, 1921, reopened this proceeding for further hearing, and such further hearing having been had, and the Commission having, on the date hereof, made and filed a supplemental report on rehearing, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1400.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE TOLEDO, ST. LOUIS & WESTERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE RECEIVER'S CERTIFICATES.

Submitted April 29, 1921. Decided May 7, 1921.

Authority granted to issue \$692,000 of receiver's certificates, and to pledge them with the Secretary of the Treasury as security for a loan from the United States.

Brown, Geddes, Schmettau & Williams for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

Walter L. Ross, receiver of the Toledo, St. Louis & Western Railroad Company, has applied for authority under section 20a of the interstate commerce act to issue receiver's certificates in the aggregate amount of \$692,000, and to pledge them with the Secretary of the Treasury as collateral security for a loan in a like amount from the United States under the provisions of section 210 of the transportation act, 1920, as amended.

The applicant is acting as a common carrier by railroad engaged in interstate commerce, having been appointed receiver of the Toledo, St. Louis & Western Railroad Company, and all its property and assets by an order of the district court of the United States for the northern district of Ohio, western division, entered in cause in equity No. 112, on October 22, 1914, and ancillary receiver by an order of the district court of the United States for the southern district of Illinois, southern division, entered in cause in equity No. 21, on October 23, 1914.

The application was made under oath and filed in accordance with authority conferred on him by orders of those courts entered on April 8, 1921, and April 14, 1921, respectively. Upon receipt of the application, a copy thereof was filed with the governor of each state in which the applicant operates. No objection has been made to the granting of the application.

By our certificate No. 91, in *Loan to Toledo, St. Louis & Western R. R.*, 67 I. C. C., 549, we have approved the making of a loan of

67 I. C. C.

\$692,000 from the United States to the applicant under section 210 of the transportation act, 1920, as amended, to aid him in providing certain equipment and additions and betterments, the estimated cost of which is \$880,000. The loan is to be secured by the pledge with the Secretary of the Treasury of series-A 1921 6 per cent receiver's certificates of indebtedness in the aggregate amount of \$692,000, to be issued pursuant to an order of the United States district court for the northern district of Ohio, western division, dated April 8, 1921, in a cause therein pending and entitled *Horatio C. Creith, plaintiff, vs. Toledo, St. Louis & Western Railroad Company, defendant.*

The loan is to be repaid in 15 installments, 14 for \$46,000 each, and 1 for \$48,000. The 14 installments are payable in succession at yearly intervals beginning one year after the making of the loan. The installment of \$48,000 is payable 15 years after the making of the loan. The receiver's certificates will be dated as of the date of the loan for which they are pledged as security. They will be in the denomination of \$1,000 each, payable to bearer with interest at the rate of 6 per cent per annum, and will mature at the times and in the amounts fixed for the payment of the installments to be made in repayment of the loan. As these installments are paid, certificates for a like amount will be released from pledge.

We find that the proposed issue and pledge of certificates by the applicant (a) are for a lawful object within the duly authorized purposes of the receiver, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by him of service to the public as a common carrier, and which will not impair his ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That Walter L. Ross, receiver of the Toledo, St. Louis & Western Railroad Company, be, and he is hereby, authorized (1) to issue in conformity with the order of the district court of the United States for the northern district of Ohio, western division, made in cause in equity No. 112, dated April 8, 1921, and the order of the district court of the United States for the southern district of Illinois, southern division, made in cause in equity No. 21, dated April 14, 1921, and as authorized thereby, certificates of indebtedness

in the aggregate amount of \$692,000, said certificates to be dated as of the date of the making of the loan for which they are to be pledged as security, to be in the denomination of \$1,000 each, to be payable to bearer with interest at the rate of 6 per cent per annum, and to be numbered and mature, as follows:

Serial numbers, inclusive.	Number of certificates.	Period of maturity.	Serial numbers, inclusive.	Number of certificates.	Period of maturity.
		<i>Years.</i>			<i>Years.</i>
Nos. 1 to 46.....	46	1	Nos. 369 to 414.....	46	9
Nos. 47 to 92.....	46	2	Nos. 415 to 460.....	46	10
Nos. 93 to 138.....	46	3	Nos. 461 to 506.....	46	11
Nos. 139 to 184.....	46	4	Nos. 507 to 552.....	46	12
Nos. 185 to 230.....	46	5	Nos. 553 to 598.....	46	13
Nos. 231 to 276.....	46	6	Nos. 599 to 644.....	46	14
Nos. 277 to 322.....	46	7	Nos. 645 to 692.....	48	15
Nos. 323 to 368.....	46	8			

and (2) to pledge said certificates with the Secretary of the Treasury as security for a loan from the United States in the sum of \$692,000, under section 210 of the transportation act, 1920, as amended.

It is further ordered, That, except as herein authorized to be issued and pledged, said receiver's certificates shall not be sold, pledged, repledged, or otherwise disposed of by said receiver or his successor in interest, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission all pertinent facts relating to (1) the issue of said receiver's certificates; (2) the pledge of said certificates as herein authorized; and (3) their release from pledge, within 10 days thereafter, respectively; said reports to be signed by the applicant and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said certificates, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1407.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE ST. LOUIS, EL RENO & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND SELL RECEIVER'S CERTIFICATES.

Submitted April 11, 1921. Decided May 9, 1921.

Authority granted to issue and sell at par \$15,000 of receiver's certificates, bearing interest at the rate of 7½ per cent per annum, to be dated February 12, 1921, and to mature nine months thereafter.

Harry P. Warner for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

Arthur L. Mills, receiver of the St. Louis, El Reno & Western Railway Company, acting as a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act to issue under date of February 12, 1921, his certificates of indebtedness in the aggregate amount of \$15,000, and to sell said certificates at par.

The applicant was appointed receiver of the railway property and assets of the St. Louis, El Reno & Western Railway Company by the district court of the United States for the western district of Oklahoma on October 9, 1915, in an action brought against the company by Lewis T. Tune et al. Since that date the applicant has been, and is now, operating this railway.

The application shows that the proceeds of the proposed issue are to be used to retire \$5,000 of receiver's certificates issued under date of June 22, 1917, and now past due, and to pay uncertificated indebtedness of the receiver incurred prior to February 12, 1921, amounting to \$10,000. The receiver's certificates issued June 22, 1917, were duly authorized by order of the United States district court for the western district of Oklahoma dated June 14, 1917. The \$10,000 of uncertificated indebtedness was incurred by the applicant for the repair and maintenance of the track and bridges of the railway, which expenditures were necessary to the safe and proper operation of the property.

The proposed certificates are to be three in number, each of the denomination of \$5,000. They are to be dated February 12, 1921,

to bear interest at the rate of $7\frac{1}{2}$ per cent per annum from date of delivery, and to mature nine months after date. They are to be issued under and pursuant to an order of the United States district court for the western district of Oklahoma, dated February 8, 1921, duly authorizing such issue, for the purpose mentioned. It appears from the order that the plaintiffs in the action in which the receiver was appointed have consented to the issuance of the certificates. The order also states that the certificates shall be a first lien on the property of the railway.

The receiver is the officer of the court and is acting under its authority. While it is within our province to give the authorization and consent under section 20a of the interstate commerce act, it is not to be understood that by giving such authority we pass upon or in any wise determine or affect the nature of the rights or liens to be enjoyed under the certificates or the priority of the certificates in their relation to any other liens.

Due notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Oklahoma, the only state in which the applicant operates. No objection to the granting of the application has been offered by the corporation commission or any other authority of that state.

Without passing on the nature of the lien enjoyed thereby, we find that the proposed issue and sale of \$15,000 of receiver's certificates, to be dated February 12, 1921, bearing interest at the rate of $7\frac{1}{2}$ per cent per annum and to mature November 12, 1921, (a) are for lawful objects within the duly authorized purposes of the receiver and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by him of service to the public as a common carrier, and which will not impair his ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That Arthur L. Mills, receiver of the St. Louis, El Reno & Western Railway Company, be, and he is hereby, authorized (1) to issue, in conformity with an order of the district court of the United States for the western district of Oklahoma, dated February 9, 1921, made in the action entitled *Lewis T. Tume et al., plaintiffs*,

vs. *St. Louis, El Reno & Western Railway Company, defendants*, certificates of indebtedness in the aggregate principal amount of \$15,000; said certificates to be dated February 12, 1921, to bear interest at the rate of $7\frac{1}{2}$ per cent per annum, and to mature nine months after date; said certificates to be numbered 1 to 3, inclusive, and each certificate to be in the principal amount of \$5,000; and (2) to sell said certificates at par for the purpose of retiring \$5,000 of receiver's certificates issued under date of June 22, 1917, and to pay \$10,000 of uncertificated indebtedness of the receiver incurred prior to February 12, 1921, for repair and maintenance of the track and bridges of said railway.

It is further ordered, That said receiver's certificates shall not be sold, pledged, repledged, or otherwise disposed of by said receiver or his successor in interest, except as herein authorized, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall report to the Commission within 10 days thereafter all pertinent facts in connection with (1) the issue of said receiver's certificates, (2) the sale thereof, and (3) the cancellation of the prior receiver's certificates and other indebtedness by the proceeds of said sale.

And it is further ordered, That nothing herein shall be construed to imply any representation, guaranty, or obligation as to said certificates, or the interest thereon, or the rights thereunder, on the part of the United States.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS, AND IN MEETING MATURING INDEBTEDNESS.

Approved May 10, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Second Amendment to Certificate No. 42.

The Interstate Commerce Commission hereby further amends its certificate No. 42, of November 9, 1920, for a loan of \$7,862,000 by the United States to the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by authorizing the pledge in lieu of and in substitution for the security in part for the loan consisting of \$25,000, principal amount, of Arkansas & Memphis Railway Bridge & Terminal Company's first-mortgage 5 per cent bonds, due 1964, said bonds being in denomination of \$1,000 and numbered 1276 to 1300, inclusive, the following-described securities: \$25,000, principal amount, of applicant's first and refunding mortgage 4 per cent gold bonds, due 1934, issued under an indenture of mortgage, dated April 1, 1904, executed by the applicant to the Central Union Trust Company, of New York and David R. Francis, as trustees. Said bonds are in definitive coupon form, having coupon due October 1, 1921, and subsequent coupons attached, are in the denomination of \$1,000 and are numbered 137774 to 137798, inclusive.

Done at Washington, D. C., this 10th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1190.

IN THE MATTER OF THE APPLICATION OF THE WESTERN ALLEGHENY RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted April 30, 1921. Decided May 10, 1921.

Authority granted to issue, from time to time, within a period of not exceeding two years from the date hereof, demand notes in an aggregate face amount not exceeding \$100,000.

Packer & Sherrard for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Allegheny Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue, from time to time, promissory notes payable on demand in an aggregate amount not exceeding \$100,000, to cover certain obligations and to provide funds for the maintenance of service as necessity may require. No objection has been offered to the granting of the application.

It appears that operations have been continued by the applicant with annual deficits for several years, and that its earnings are not now sufficient to care for its operating expenses and pay interest on its indebtedness. Efforts are being made for the sale or lease of the railroad, and in order that the line may be kept in operation until such sale or lease can be made, the applicant submits that it will be necessary for it to borrow money, issuing notes therefor. The applicant serves industries and communities not receiving other railway service and it is apparent that public interest requires the continued operation of its line.

In the application it is stated that the applicant was obligated to the Commonwealth Trust Company of Pittsburgh in the sum of \$40,000 for money borrowed with which to pay current operating expenses, and that it owed the Sherwin Coal Mining Company \$12,682.03 on account of coal purchased. Payments have recently been made to the applicant, however, under the provisions of sections 204 and 209 of the transportation act, 1920, which have relieved its immediate necessities. It is now submitted that a large part of

the money so received will have to be spent to put the road in a safe operating condition, and that unless business conditions improve, it will be necessary to borrow money to continue operation.

The applicant was incorporated under the laws of Pennsylvania in 1902. All of its outstanding capital stock, amounting to \$1,511,100, was sold to the Great Lakes Coal Company at par, the proceeds being used in the construction of the applicant's line of railroad. Additional funds for construction work were advanced, from time to time, by the Great Lakes Coal Company. Under date of July 27, 1912, the applicant gave the Great Lakes Coal Company a demand note for \$1,129,435.41, covering these advances, with interest thereon. In 1913, the North Penn Coal Company succeeded to all the assets of the Great Lakes Coal Company. On December 31, 1916, a demand note for \$12,000 payable to the North Penn Coal Company was issued by the applicant in adjustment of various accounts. The board of directors of the North Penn Coal Company has authorized the cancellation of the aforesaid demand notes.

The proposed notes and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

We find that the proposed issue of not exceeding \$100,000, aggregate face amount, of promissory notes, from time to time, by the applicant (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Western Allegheny Railroad Company be, and it is hereby authorized to issue at par, from time to time, as its needs may require, within two years after the date of this order, promissory notes in an aggregate face amount not exceeding \$100,000; said notes to be dated as of the date of issue, to bear interest at rates not exceeding 6 per cent per annum, to be payable on demand, and to be substantially in the form submitted with the application; said notes, or the proceeds thereof, to be used to meet obligations

incurred and to be incurred by the applicant for operating expenses: *Provided, however,* That the \$1,141,435.41, aggregate face amount of demand promissory notes of the applicant held by the North Penn Coal Company, shall be canceled prior to the issue of any notes under the authority hereinbefore granted.

It is further ordered, That except as herein authorized to be issued and used, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until so authorized by the Commission.

It is further ordered, That the applicant shall within 10 days thereafter, respectively, report to the Commission all pertinent facts relating to (1) the issue of any note or notes under the authority hereinbefore granted; (2) the use of the proceeds thereof; (3) the payment or satisfaction of notes so issued; and (4) the cancellation and discharge of said \$1,141,435.41, aggregate face amount of applicant's demand promissory notes now held by the North Penn Coal Company; each of such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 950.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved May 12, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Third Amended Certificate No. 16.

The Interstate Commerce Commission hereby further amends its amended certificate No. 16, of October 26, 1920, to the Secretary of the Treasury to read as follows:

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,125,000 by the United States, in 10 parts, as hereinafter set forth, to the Delaware & Hudson Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,125,000.

4. The entire loan shall be repaid in full on or before June 1, 1930.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in 10 equal parts and shall be secured when and as the parts thereof are made by the pledge, pro rata, of \$1,700,000, principal amount, of applicant's first and refunding mortgage 4 per cent gold bonds, due 1943, issued under an indenture of mortgage, dated May 1, 1908, executed and delivered by the applicant to the Farmers' Loan & Trust Company, of New York, as trustee. Said bonds are in definitive coupon form, having coupon due November 1, 1921, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered 42317 to 44016, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any portion of the loan before maturity. When and as repayment is made on any part of the loan, the collateral securing that part of the loan shall be released proportionately, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 21st day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which

loaned, or shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 11th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND FOR OTHER PURPOSES.

Submitted May 11, 1921. Decided May 12, 1921.

Application granted in part and loan of \$1,568,540 for equipment procured through the National Railway Service Corporation approved.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Rock Island & Pacific Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 27, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in meeting its maturing indebtedness and in providing itself with new equipment and other additions and betterments. On June 19, October 12, and November 2, 1920, and on January 11 and April 6, 1921, the applicant amended and supplemented the application.

The National Railway Service Corporation, a corporation of the state of Maryland, hereinafter referred to as the corporation, on September 23, 1920, made application to us for a loan for the purpose of aiding the applicant in providing itself with certain equipment. On February 19, 1921, the corporation amended its application to conform to the aforesaid amendments to the application of the applicant.

The applicant, by resolution of its board of directors, approved the making of the loan in respect of equipment to or through the corporation.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$17,866,513.40.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness

and in providing itself with new equipment and additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment:			
18 Santa Fe locomotives, at \$78,673 each	\$1,190,095.00	\$1,662,812.00	\$1,108,540.00
10 mikado locomotives, at \$66,705 each	667,050.00		
10 mountain-type locomotives, at \$70,103 each	701,030.00		
50 caboose cars, at \$4,463.54 each	223,177.00		
500 50-ton gondola cars, at \$2,300 each	1,150,000.00	660,000.00	460,000.00
Total equipment	3,921,352.00	2,352,812.00	1,568,540.00
Maturing indebtedness	7,997,973.40		7,997,973.40
Additions and betterments	8,300,000.00		8,300,000.00
Grand total	20,219,325.40	2,352,812.00	17,866,512.40

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. The character and value of the security offered.

6. That the extent to which the public convenience and necessity will be served is that the movement of traffic will be expedited and congestion and delays relieved.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$7,646,250, apportioned \$879,583 for freight and switching locomotives, \$509,667 for freight-train cars, and \$6,257,000 for additions and betterments to promote the movement of cars.

That part of the application in respect of maturing indebtedness was disposed of by our certificate No. 23, of September 29, 1920, as amended and supplemented, approving a loan to the applicant of \$2,000,000 for a term of five years.

That part of the application in respect of additions and betterments was disposed of by our certificate No. 42, of November 9, 1920, as amended and supplemented, approving a loan to the applicant of \$7,862,000 for a term of 10 years.

The security, in part, offered for the loan for equipment consists of an equivalent principal amount of deferred-lien certificates issued pursuant to the corporation's equipment-trust agreement, series-A lease basis, under which the applicant, together with other carriers, is to lease equipment. The equipment to be so leased by the applicant is the same equipment hereinabove described, and

will be acquired, in part, by the corporation with the proceeds of this loan for the specific purpose of leasing same to the applicant.

The aggregate of all rentals paid by the carriers participating in the trust will be sufficient to pay the principal and interest on the trust certificates issued thereunder when due. If the applicant should default in the payment of rental, the trustee is authorized under the agreement to apportion the amount of such default among the other participating carriers. Any participating carrier may then at its option pay to the trustee the amount so apportioned to it and take over an amount of the applicant's equipment proportionate to the amount so paid, assuming all existing obligations with respect thereto. If such option is not exercised by any such carrier, the trustee is authorized to cancel the leasehold interest of such carrier in all or any part of the equipment held by it under the trust and to make such equipment, as well as the equipment of the applicant, responsive to the applicant's default. The effect of these provisions is to establish such community of interest in the whole of the trust equipment, that in the event of default by any participating carrier, the others must come to its assistance or risk the loss of their own equipment. This element of strength in the trust agreement, together with the fact that in the history of equipment obligations permanent defaults are practically unknown, affords reasonable assurance that the deferred lien certificates will be paid according to their terms.

A condition of the loan will be that we may at any time examine the accounts and records of the corporation and may require the corporation to furnish us with annual or special reports.

Another condition of the loan will be that the applicant shall unconditionally indorse and guarantee the obligations of the corporation to the United States with respect to this loan, and as security for the performance of the obligation of indorsement and guaranty shall pledge with the Secretary of the Treasury the following securities, none of which shall be released to the applicant except as herein specified and upon such terms and conditions as we may hereafter prescribe: (a) All of the applicant's right, title, and interest in and to certain securities heretofore pledged with the Secretary of the Treasury as security for certain indebtedness to the War Finance Corporation; (b) all of the applicant's right, title, and interest in and to certain securities heretofore pledged with the Secretary of the Treasury as security for any and all items of indebtedness arising out of federal control now existing or hereafter established upon a final accounting; and (c) any and all securities heretofore or hereafter pledged by the applicant with the Secretary of the Treasury as security for loans made to or for the benefit of

applicant pursuant to section 210 of the transportation act, 1920, as amended, or as security for any obligations, contingent or otherwise, incurred by or with respect to any of said loans.

Another condition of the loan will be that the applicant, upon demand of the Secretary of the Treasury, with our concurrence, shall deposit with the Secretary of the Treasury such additional security as may from time to time be required.

After investigation and informal hearings, we find that the making of the proposed loan for equipment, in the amount of \$1,568,540, as hereinabove set forth, by the United States to the corporation, which is hereby approved as an organization for the purpose as most appropriate in the public interest, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the corporation and the character and value of the security offered, afford reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant and the corporation are severally unable to provide themselves with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

DANIELS, *Commissioner*, dissenting:

Section 210(b) of the transportation act, 1920, provides that we may certify to the Secretary of the Treasury our findings of fact and our recommendations as to loans from the so-called revolving fund, provided we find, among other things, that "the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, etc. * * *" By appropriate statutory provision, such loans may be made "to or through such organization, car trust or other agency, as may be determined upon or approved or organized as most appropriate in the public interest, etc. * * *"

In the instant case I am unable to concur in the findings required as a condition of certifying this proposed loan.

The fundamental inherent weakness in the lease basis here proposed is its failure to make allowance for a possible, not to say probable fall in the price of equipment during the early years of the trust's duration. Should even a moderate fall in the price of equipment occur, the value of the assets in the form of equipment will come materially short of the aggregate trust certificates outstanding.

67 I. C. C.

It is conceded that the prior-lien certificate holders will probably in no case be jeopardized, but the same is not true of the Treasury's security for its loan.

To illustrate: To finance equipment costing \$100,000 at the outset, outside investors will furnish \$60,000 and will receive prior-lien 7 per cent certificates; the United States Treasury will furnish \$40,000 and will receive the obligation of the National Railway Service Corporation, secured primarily by \$40,000 in deferred-lien 6 per cent certificates. At the expiration of five years the plan contemplates that \$20,000 of the prior-lien certificates will have been extinguished by payment in full. During the same five years there will have been paid into the sinking fund only \$3,804.84 towards extinguishing the principal of the deferred-lien certificates.

If five years hence equipment prices are 20 per cent less than prices recently current, and if depreciation is figured as here proposed at 5 per cent, straight line, per annum, the situation will be as follows:

(a) Prior-lien certificates outstanding.....	\$40,000.00
(b) Deferred-lien certificates outstanding.....	40,000.00
Total certificates	80,000.00
Equipment new valued, at assumed prices, 20 per cent less than to-day, at \$80,000, with five years of expired service life.....	\$60,000.00
Sinking fund to provide for deferred-lien certificates.....	3,804.84
Total.....	63,804.84

It is true that besides the material assets in form of equipment and cash or its equivalent in the sinking fund, the Treasury, in case of default, will have certain additional security, consisting for the most part of junior liens upon bonds or other securities already pledged for other loans from government agencies. It is impossible to determine with any approach to accuracy the value of these subordinate liens, dependent as they are on obligations whose amount is not yet ascertained. In any event they are not presently available, but must await the liquidation of loans for which they are primarily pledged. In the case of the Wheeling & Lake Erie, the Treasury, for a loan of \$3,304,000, will have as additional security \$779,000 principal amount of the carrier's refunding 5 per cent bonds, of which all but \$177,000 will be returnable after one year, provided the carrier is not then in default. In the case of the Minneapolis & St. Louis, the Treasury, for a loan of \$386,190, will have for one year only additional security in this carrier's refunding and extension 5 per cent bonds, series A, in the principal amount of \$219,000. In the case of the Rock Island, to which a loan of \$1,568,540 is now to be made, securities now pledged for various loans from the War Finance Corporation and the Railroad Administration are to be subjected to an inferior lien as collateral security for this loan.

In all cases default in payment of the respective carriers' rent notes might unfavorably affect the value of the securities pledged

and correspondingly reduce the now indeterminate equity in the various junior liens hereby created.

In contrast to the Treasury's junior lien on the collateral under the present plan, the trustee under the National Railway Service Corporation's conditional-sale plan has a first and direct lien upon collateral pledged, and the collateral itself is adequate and its market value fairly well established.

The defect in the plan here presented is illustrated by contrasting the set-up under the conditional-sale plan and under the lease plan here under analysis. In the former, the conditional-sale plan, for the first five years, on each \$100,000 of trust certificates repayments by the carriers are contemplated as follows:

Period of trust.	Prior-lien certificates.		Deferred-lien certificates.		Contingent fund.	Purchase notes.
	Principal.	Interest.	Principal or sinking fund.	Interest.		
$\frac{1}{2}$ year.....	\$2,000	\$2,100	\$1,333.33	\$1,200	\$136.92	\$6,770.25
1 year.....	2,000	2,030	1,333.33	1,160	143.77	6,697.10
1 $\frac{1}{2}$ years.....	2,000	1,960	1,333.34	1,120	150.61	6,563.95
2 years.....	2,000	1,890	1,333.33	1,080	157.46	6,460.79
2 $\frac{1}{2}$ years.....	2,000	1,820	1,333.34	1,040	164.30	6,357.63
3 years.....	2,000	1,750	1,333.34	1,000	171.15	6,254.49
3 $\frac{1}{2}$ years.....	2,000	1,680	1,333.33	960	178.00	6,151.33
4 years.....	2,000	1,610	1,333.33	920	184.84	6,048.17
4 $\frac{1}{2}$ years.....	2,000	1,540	1,333.34	880	191.69	5,945.03
5 years.....	2,000	1,470	1,333.33	840	198.53	5,841.86

It will be seen that at the end of five years \$20,000 of the principal of prior-lien certificates and \$13,333.33 of the principal of the deferred-lien certificates, in the absence of default, will have been extinguished or provided for. Even though the prices of equipment fall within the period, the tangible assets remaining behind the deferred-lien certificates are substantial.

Under the proposed lease basis the corresponding set-up is as follows:

Year of trust.	Prior-lien certificates.		Deferred-lien certificates.		For contingent fund.	Amount of rent notes.
	Principal.	Interest.	Sinking fund.	Interest.		
$\frac{1}{2}$ year.....	\$2,000	\$2,100	\$63.08	\$1,200.00	\$136.92	\$5,500
1 year.....	2,000	2,030	128.13	1,198.11	143.76	5,500
1 $\frac{1}{2}$ years.....	2,000	1,960	195.12	1,194.27	150.61	5,500
2 years.....	2,000	1,890	264.14	1,188.41	157.45	5,500
2 $\frac{1}{2}$ years.....	2,000	1,820	335.21	1,180.49	164.30	5,500
3 years.....	2,000	1,750	408.43	1,170.43	171.14	5,500
3 $\frac{1}{2}$ years.....	2,000	1,680	483.83	1,158.18	177.99	5,500
4 years.....	2,000	1,610	561.50	1,143.66	184.84	5,500
4 $\frac{1}{2}$ years.....	2,000	1,540	641.50	1,125.82	191.68	5,500
5 years.....	2,000	1,470	723.90	1,107.57	198.53	5,500

The reduction of the prior-lien certificates in each case is \$20,000; but whereas under the first plan \$13,333.33 of deferred-lien certificates will have been provided for by the sinking fund, only \$3,804.84 of deferred-lien certificates will have been provided under the lease plan.

The feature of reciprocal responsibility of the carriers for each other's defaults in paying their serial rent notes is characterized in the majority report as follows:

The effect of these provisions is to establish such community of interest in the whole of the trust equipment that in the event of default by any participating carrier, the others must come to its assistance or risk the loss of their own equipment. This element of strength in the trust agreement, together with the fact that in the history of equipment obligations permanent defaults are practically unknown, affords reasonable assurance that the deferred lien certificates will be paid according to their terms.

Strictly speaking, the assistance which is here referred to is assistance primarily in making good the total stipulated serial payments so as to afford to the certificate holders the repayments promised. The defaulting carrier is not assisted to retain its equipment but is summarily dispossessed thereof; and while the menace of the loss of their own equipment may induce the nondefaulting carriers to come forward with funds sufficient not only to meet their own obligations but those of their defaulting associate also, it is perhaps questionable how far such vicarious payments or the liability to make the same will enable the nondefaulting carriers properly to meet the transportation needs of the public.

So far as the history of equipment obligations bears on the matter, it is not likely that such history covers a situation parallel to that here presented, where a comparable likelihood of rapidly receding equipment prices existed, and when such an eventuality would extinguish in part the value of physical assets on which a subordinate lien had been created.

POTTER, *Commissioner*, concurring:

If I regarded our function more as that of a banker, I would agree with Commissioner Daniels that the security offered for these lines is inadequate. But we are not acting as bankers entitled to demand a wide margin of security for the repayment of loans. We may require only reasonable assurance of repayment and we should consider the purpose for which the loan is made. We are charged with protecting the public interest and we must view it broadly. The purpose of the loan provisions of the transportation act was to provide funds in the public interest on terms more favorable to the carrier than available through usual banking channels. The public need is that more railway equipment be put into the trans-

portation service. We are to accomplish this through loans, in our broad discretion and in the best way we can. We would be violating our duty if we made an excessive demand which defeated the loan. These carriers have come forward to serve the public need. They have offered the best security they have. To grant the application is the best means available to use to increase the supply of needed equipment, and there seems to be reasonable assurance that the loans will be repaid. It may be that some of the loans made by us will prove unsatisfactory from the standpoint of prompt repayment. This is a risk we run. A policy so cautious as to protect officials against all possible error would not to my mind be consistent with the performance of our public duty. To do all that is expected of us, we have to run the risk of going too far in a particular case. I hope we have not made any mistakes, but if we have never stepped over the line I fear we have exhibited a lack of courage in keeping away from it.

Certificate No. 96 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,568,540 by the United States, in two parts as hereinafter set forth, to the National Railway Service Corporation, hereinafter referred to as the corporation, an organization approved for the purpose as most appropriate in the public interest, to aid the Chicago, Rock Island & Pacific Railway Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, in providing itself with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the corporation and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,568,540.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years from June 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be made in two parts in the order hereinbelow set forth: (1) The first part of the loan shall be in the amount of

\$1,108,540, and (2) the second part of the loan shall be in the amount of \$460,000.

(b) Each part of the loan shall be secured when and as made by the pledge by the corporation with the Secretary of the Treasury, to be registered in his name, of an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, hereinafter referred to as deferred-lien certificates, issued in respect of contract No. 1, entered into by the applicant under an equipment-trust agreement, series-A, lease basis, dated June 1, 1921, executed by the corporation to the Bankers Trust Company, of New York, as trustee, hereinafter referred to as the trust agreement. The deferred-lien certificates shall be substantially in the form as shown by exhibit A hereto attached.¹ The trust agreement and the contract are in substantially the form as shown by exhibit B hereto attached.¹ The deferred-lien certificates, which may be in temporary form, exchangeable for definitive certificates when prepared, shall be sufficiently identified and authenticated to the Secretary of the Treasury by certification thereon by the Bankers Trust Company, as trustee, that such certificates are of the series described in the trust agreement, and such certification shall be substantially in the form shown in exhibit A hereto attached.¹

(c) Each part of the loan shall be further secured by the unrestricted indorsement and guaranty of the applicant upon the obligations evidencing the loan, which may be substantially in the form shown by exhibit C hereto attached.¹

(d) As security for the performance of the obligations of indorsement and guaranty referred to in subparagraph (c) of paragraph 5 hereof, and as security for the repayment of said loan by the corporation, the applicant when and as the first part of the loan is made, shall execute and deliver to the Secretary of the Treasury an instrument of pledge substantially in the form shown by exhibit D hereto attached.¹

(e) The corporation may repay all or any portion of the loan before maturity. When and as repayment is made upon either part of the loan, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the portion of the loan repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of the collateral security pledged by the applicant or by the corporation and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

¹ On file with the Commission, but omitted from printed report.

(f) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged together with any that may be hereafter pledged, or may have been heretofore pledged by the applicant as security for this loan or any other obligation of said applicant to the United States under section 210 of the transportation act, 1920, as amended, whether as principal, surety, guarantor, indorser, or otherwise, shall be applicable in like manner to secure the repayment of any and all of said loans and obligations, and to secure the performance of any obligations of guaranty or other contingent or conditional liability to the United States now or hereafter incurred with respect to any obligation under said section 210, and such securities shall be held by the Secretary of the Treasury for said purposes, until all of said loans, obligations, and liabilities of whatever sort are finally and completely released, paid, satisfied, and discharged, subject, however, to the provisions as to release contained in subparagraph (e) of paragraph 5 hereof.

(g) So long as neither the applicant nor the corporation shall be in default in the performance of their respective obligations in connection with the loan, the applicant shall be entitled to receive and retain the income on any of the collateral described and identified by the instrument of pledge referred to in subparagraph (d) of paragraph 5 hereof, or upon any collateral pledged as additional security for the loan pursuant to subparagraph (f) of paragraph 5 hereof, and the holder of the obligation or obligations evidencing the loan shall not, while neither the applicant nor the corporation shall be in such default, collect such income, but shall remit to the applicant all of the same paid to him and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock. Payments of principal and/or interest upon the deferred-lien certificates referred to in subparagraph (a) of paragraph 5 hereof shall be credited and applied, first upon any interest due upon said loan and thereafter upon the principal thereof.

(h) The corporation has agreed in an instrument in writing, dated the 9th day of June, 1921, filed with the Interstate Commerce Commission, to the following condition: The Interstate Commerce Commission may at any time examine the accounts and records of the corporation and may require the corporation to file with the Commission annual or special reports. In event the Commission shall certify to the Secretary of the Treasury that the corporation has failed or refused well and truly to comply with any one or more of the terms and

conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant and the corporation, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of repayment of the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant and the corporation, in the opinion of the Commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 31st day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 990.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING NEW EQUIPMENT AND ADDITIONS AND BETTERMENTS.

Submitted May 11, 1921. Decided May 12, 1921.

Application granted in part and a loan of \$386,190, for equipment, through the National Railway Service Corporation, approved.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Minneapolis & St. Louis Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in meeting its maturing indebtedness and in providing itself with new equipment and additions and betterments to way and structures. On June 19, 1920, November 15, 1920, and February 17, 1921, the applicant amended and supplemented the application.

The National Railway Service Corporation, a corporation of the state of Maryland, hereinafter referred to as the corporation, on September 23, 1920, made application to us for a loan for the purpose of aiding the applicant in providing itself with certain equipment. On February 19, 1921, the corporation amended its application to conform to the aforesaid amendments to the application of the applicant.

The applicant, by resolution of its board of directors, approved the making of the loan in respect of equipment to or through the corporation.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$4,398,500.
2. That the term for which the loan is desired is 15 years.

3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness and in providing itself with new equipment and additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Maturities:			
Pacific extension 6 per cent gold bonds, dated June 1, 1881, maturing Apr. 1, 1921.....	\$1,382,000		\$1,382,000
Equipment:			
15 freight locomotives at \$64,385 each.....	965,475		
500 box cars at \$13,000 each.....	1,500,000		
500 open-top cars at \$2,800 each.....	1,400,000		
200 refrigerator cars at \$3,800 each.....	760,000		
500 other freight-train cars at \$2,600 each.....	1,300,000		
Total equipment (approximately).....	5,925,000	\$3,555,000	2,370,000
Additions and betterments:			
Additional main track.....	50,000		
Additional yard tracks and sidings.....	181,500		
Construction of new terminal facilities and purchasing additional shop machinery.....	190,000		
Ballast.....	200,000		
Telegraph line.....	25,000		
Total additions and betterments.....	646,500		646,500
Grand total.....	7,953,500	3,555,000	4,398,500

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is second liberty loan bonds, capital stock of St. Paul Union Depot Company, and applicant's refunding and extension mortgage bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and to acquire needed equipment and facilities, thus enabling the applicant more expeditiously to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$2,274,000, apportioned \$487,500 for locomotives, \$1,240,000 for freight-train cars, and \$546,500 for additions and betterments to promote the movement of cars.

That part of the application in respect of maturing indebtedness was disposed of by our certificate No. 81, of March 28, 1921, as

amended March 31, 1921, approving a loan to the applicant of \$1,382,000, for a term of 10 years.

The security, in part, offered for the loan for equipment consists of an equivalent principal amount of deferred-lien certificates issued pursuant to the corporation's equipment-trust agreement, series A, lease basis, under which the applicant, together with other carriers, is to lease equipment. The equipment to be so leased by the applicant consists only of the 15 freight locomotives hereinabove described, and will be acquired, in part, by the corporation with the proceeds of this loan for the specific purpose of leasing same to the applicant.

The aggregate of all rentals paid by the carriers participating in the trust will be sufficient to pay the principal and interest on the trust certificates issued thereunder when due. If the applicant should default in the payment of rental, the trustee is authorized under the agreement to apportion the amount of such default among the other participating carriers. Any participating carrier may then at its option pay to the trustee the amount so apportioned to it and take over an amount of the applicant's equipment proportionate to the amount so paid, assuming all existing obligations with respect thereto. If such option is not exercised by any such carrier, the trustee is authorized to cancel the leasehold interest of such carrier in all or any part of the equipment held by it under the trust and to make such equipment, as well as the equipment of the applicant, responsive to the applicant's default. The effect of these provisions is to establish such community of interest in the whole of the trust equipment, that in the event of default by any participating carrier, the others must come to its assistance or risk the loss of their own equipment. This element of strength in the trust agreement, together with the fact that in the history of equipment obligations permanent defaults are practically unknown, affords reasonable assurance that the deferred-lien certificates will be paid according to their terms.

A condition of the loan will be that we may at any time examine the accounts and records of the corporation and may require the corporation to furnish us with annual or special reports.

Another condition of the loan will be that the applicant shall unconditionally indorse and guarantee the obligation of the corporation to the United States with respect to this loan, and as security for the performance of the obligation of indorsement and guaranty shall pledge with the Secretary of the Treasury the following securities, none of which shall be released to the applicant except as herein specified and upon such terms and conditions as we may hereafter prescribe: (a) Applicant's refunding and extension mortgage series A 5 per cent gold bonds, due 1962, \$219,000, principal amount, said

bonds to be released to the applicant one year from the pledge thereof, provided that such release shall be made only if at that time there shall be no default on said loan; (b) all of applicant's rights, title, and interest in and to certain securities heretofore pledged with the Secretary of the Treasury as security for any and all items of indebtedness arising out of federal control now existing or hereafter established upon a final accounting; and (c) any and all securities heretofore or hereafter pledged by applicant with the Secretary of the Treasury as security for loans made to or for the benefit of the applicant pursuant to section 210, transportation act, 1920, as amended, or as security for any obligations, contingent or otherwise, incurred by or with respect to any of said loans.

Another condition of the loan will be that the applicant, upon demand of the Secretary of the Treasury, with our concurrence, shall deposit with the Secretary of the Treasury such additional security as may from time to time be required.

After investigation and informal hearings we find that the making in part of the proposed loan for equipment by the United States to the corporation, which is hereby approved as an organization for the purpose as most appropriate in the public interest, as hereinbelow set forth: 15 freight locomotives, at \$64,365 each; total estimated cost, \$965,475; to be financed by applicant, \$579,285; to be loaned by the United States, \$386,190; is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the corporation, and the character and value of the security offered, afford reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant and the corporation are severally unable to provide themselves with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

POTTER, *Commissioner*, concurring.

I concur in the decision in this case for the reasons stated in connection with the decision in the similar case, *Loan to Chicago, Rock Island & Pacific Ry.*, 67 I. C. C., 569, 575.

DANIELS, *Commissioner*, dissenting:

For the reasons stated in my dissent in the similar case, *Loan to Chicago, Rock Island & Pacific Ry.*, 67 I. C. C., 569, 572, decided at the same time, I am unable to concur in the findings required as a condition of certifying the proposed loan in this case.

67 I. C. C.

Certificate No. 97 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$386,190 by the United States to the National Railway Service Corporation, hereinafter referred to as the corporation, an organization approved for the purpose as most appropriate in the public interest, to aid the Minneapolis & St. Louis Railroad Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, in providing itself with locomotives, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the corporation and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$386,190.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years from June 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge by the corporation with the Secretary of the Treasury to be registered in his name, of an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, hereinafter referred to as deferred-lien certificates, issued in respect of contract No. 2, entered into by the applicant under an equipment-trust agreement, series A, lease basis, dated June 1, 1921, executed by the corporation to the Bankers Trust Company, of New York, as trustee, hereinafter referred to as the trust agreement. The deferred-lien certificates shall be substantially in the form as shown by exhibit A hereto attached.¹ The trust agreement and the contract are in substantially the form as shown by exhibit B hereto attached.¹ The deferred-lien certificates, which may be in temporary form, exchangeable for definitive certificates when prepared, shall be sufficiently identified and authenticated to the Secretary of the Treasury by certification thereon by the Bankers Trust Company, as trustee, that such certificates are of the series described in the trust agreement, and such certification shall be substantially in the form shown in exhibit A hereto attached.¹

¹ On file with the Commission but omitted from printed report.

(b) The loan shall be further secured by the unrestricted indorsement and guaranty of the applicant upon the obligation evidencing the loan which may be substantially in the form shown by exhibit C hereto attached.¹

(c) As security for the performance of the obligation of indorsement and guaranty referred to in subparagraph (b) of paragraph 5 hereof, and as security for the repayment of said loan by the corporation, the applicant shall execute and deliver to the Secretary of the Treasury an instrument of pledge, substantially in the form shown by exhibit D hereto attached,¹ and shall pledge with the Secretary of the Treasury \$219,000, principal amount, of applicant's refunding and extension mortgage series A 5 per cent gold bonds, due 1962, issued under an indenture of mortgage, dated January 1, 1912, executed and delivered by the applicant to the Guaranty Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due November 1, 1921, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered as follows:

No. 2499-----	1 bond.
Nos. 4301 to 4400-----	100 bonds.
Nos. 5101 to 5125-----	25 bonds.
Nos. 5400 to 5442-----	43 bonds.
Nos. 5725 to 5744-----	20 bonds.
Nos. 5888 to 5917-----	30 bonds.
Total-----	219 bonds.

(d) The corporation may repay all or any part of the loan before maturity. When and as any part of the loan shall be repaid, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the part of the loan repaid. There shall be released to the applicant at the expiration of one year from the date the loan is made the bonds identified and described in subparagraph (c) of paragraph 5 hereof; *provided, however*, that neither the applicant nor the corporation shall then be in default in the performance of their respective obligations in connection with the loan. The Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of the collateral security pledged by the applicant or by the corporation and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission,

¹ On file with the Commission but omitted from printed report.

deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be hereafter pledged, or may have been heretofore pledged by the applicant as security for this loan or any other obligation of said applicant to the United States under section 210 of the transportation act, 1920, as amended, whether as principal, surety, guarantor, indorser, or otherwise, shall be applicable in like manner to secure the repayment of any and all of said loans and obligations, and to secure the performance of any obligations of guaranty or other contingent or conditional liability to the United States now or hereafter incurred with respect to any obligation under said section 210, and such securities shall be held by the Secretary of the Treasury for said purposes until all of said loans, obligations, and liabilities of whatever sort are finally and completely released, paid, satisfied, and discharged; subject, however, to the provisions as to release contained in subparagraph (d) of paragraph 5 hereof.

(f) So long as neither the applicant nor the corporation shall be in default in the performance of their respective obligations in connection with the loan, the applicant shall be entitled to receive and retain the income on any of the collateral described and identified by subparagraph (c) of paragraph 5 hereof and by the instrument of pledge referred to therein, or upon any collateral pledged as additional security for the loan pursuant to subparagraph (e) of paragraph 5 hereof, and the holder of the obligation or obligations evidencing the loan shall not, while neither the applicant nor the corporation shall be in such default, collect such income, but shall remit to the applicant all of the same paid to him and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock. Payments of principal and/or interest upon the deferred-lien certificates referred to in subparagraph (a) of paragraph 5 hereof shall be credited and applied, first upon any interest due upon said loan and hereafter upon the principal thereof.

(g) The corporation has agreed in an instrument in writing, dated the 9th day of June, 1921, filed with the Interstate Commerce Commission, to the following condition: The Interstate Commerce Commission may at any time, examine the accounts and records of the corporation and may require the corporation to file with the Commission annual or special reports. In event the Commission shall certify to the Secretary of the Treasury that the corporation has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole

or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant and the corporation, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of repayment of the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant and the corporation, in the opinion of the Commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 28th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 1038.

IN THE MATTER OF THE APPLICATION OF THE WHEELING & LAKE ERIE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND FOR OTHER PURPOSES.

Submitted May 11, 1921. Decided May 12, 1921.

Application granted in part and loan of \$3,304,000 for equipment, through the National Railway Service Corporation, approved.

W. M. Duncan, Andrew P. Martin, and Squires, Sanders & Dempsey for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Wheeling & Lake Erie Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 19, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness and in providing itself with new equipment and other additions and betterments. On August 17, September 15, and November 4, 1920, the applicant amended and supplemented the application.

The National Railway Service Corporation, a corporation of the state of Maryland, hereinafter referred to as the corporation, on September 23, 1920, made application to us for a loan for the purpose of aiding the applicant in providing itself with certain equipment. On February 19, 1921, the corporation amended its application to conform to the aforesaid amendments to the application of the applicant.

The applicant by resolution of its board of directors, approved the making of the loan in respect of equipment to or through the corporation.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$7,216,340.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness

and in providing itself with new equipment and other additions and betterments, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Maturing indebtedness.....	\$2,450,800	.....	\$2,450,800
Additions and betterments.....	1,461,540	.....	1,461,540
Equipment:			
2,000 gondola cars at \$2,650 each.....	5,300,000	} \$4,956,000	3,804,000
1,000 box cars at \$2,960 each.....	2,960,000		
Grand total.....	12,172,340	4,956,000	7,216,340

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's refunding mortgage 5 per cent and 6 per cent bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and to provide needed equipment and other additions and betterments thus enabling the applicant properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$5,061,540, apportioned \$3,600,000 for freight-train cars and \$1,461,540 for additions and betterments to promote the movement of cars.

That part of the application in respect of maturing indebtedness was disposed of by our certificate No. 25 of September 29, 1920, as amended and supplemented, approving a loan to the applicant of \$1,000,000 for a term of five years.

That part of the application in respect of additions and betterments was disposed of by our certificate No. 24 of September 29, 1920, as amended and supplemented, approving a loan to the applicant of \$1,460,000, in installments maturing in 5, 7, 9, and 10 years.

By our certificate No. 59, of January 10, 1921, we approved an additional loan of \$500,000 for a term of 15 years to aid the applicant in meeting its maturing indebtedness, pursuant to its application of November 5, 1920.

The security, in part, offered for the loan for equipment consists of an equivalent principal amount of deferred-lien certificates issued pursuant to the corporation's equipment-trust agreement, series A, lease basis, under which the applicant, together with other carriers, is to lease equipment. The equipment to be so leased by the applicant is the equipment hereinabove described, and will be acquired, in part, by the corporation with the proceeds of this loan for the specific purpose of leasing same to the applicant.

The aggregate of all rentals paid by the carriers participating in the trust will be sufficient to pay the principal and interest on the trust certificates issued thereunder when due. If the applicant should default in the payment of rental, the trustee is authorized under the agreement to apportion the amount of such default among the other participating carriers. Any participating carrier may then at its option pay to the trustee the amount so apportioned to it and take over an amount of the applicant's equipment proportionate to the amount so paid, assuming all existing obligations with respect thereto. If such option is not exercised by any such carrier, the trustee is authorized to cancel the leasehold interest of such carrier in all or any part of the equipment held by it under the trust and to make such equipment, as well as the equipment of the applicant, responsive to the applicant's default. The effect of these provisions is to establish such community of interest in the whole of the trust equipment, that in the event of default by any participating carrier, the others must come to its assistance or risk the loss of their own equipment. This element of strength in the trust agreement, together with the fact that in the history of equipment obligations permanent defaults are practically unknown, affords reasonable assurance that the deferred-lien certificates will be paid according to their terms.

The applicant shows that the amount of the rental to be paid by it will be \$186,000 less per annum than the amount paid by it as rental for the use of other similar equipment necessary for its operations, and that to this extent its fixed charges will be reduced. A further advantage to applicant is that after payment of all rental the applicant will acquire title in the equipment upon payment of a nominal consideration, provided there are no outstanding defaults by any of the participating carriers to be satisfied out of the equipment.

A condition of the loan will be that we may at any time examine the accounts and records of the corporation and may require the corporation to furnish us with annual or special reports.

Another condition of the loan will be that the applicant shall unconditionally indorse and guarantee the obligations of the corpora-

tion to the United States with respect to this loan, and as security for the performance of the obligation of indorsement and guaranty shall pledge with the Secretary of the Treasury the following securities, none of which shall be released to the applicant except as herein specified and upon such terms and conditions as we may hereafter prescribe: (a) \$779,000, principal amount, of applicant's refunding mortgage series-B 5 per cent bonds, due 1966, \$602,000, principal amount, of said bonds to be released to the applicant one year from the pledge thereof, provided that such release shall be made only if at that time there shall be no default upon the loan; (b) all of applicant's right, title, and interest in and to certain securities heretofore pledged with the Secretary of the Treasury as security for any and all items of indebtedness arising out of federal control now existing or hereafter established upon a final accounting; and (c) any and all securities heretofore or hereafter pledged by the applicant with the Secretary of the Treasury as security for loans made to or for the benefit of the applicant pursuant to section 210 of the transportation act, 1920, as amended, or as security for any obligations, contingent or otherwise, incurred by or with respect to any of said loans.

Another condition of the loan will be that the applicant, upon demand of the Secretary of the Treasury, with our concurrence, shall deposit with the Secretary of the Treasury such additional security as may from time to time be required.

After investigation and informal hearings, we find that the making of the proposed loan for equipment in the amount of \$3,304,000, as hereinabove set forth, by the United States to the corporation, which is hereby approved as an organization for the purpose as most appropriate in the public interest, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the corporation, and the character and value of the security offered, afford reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant and the corporation are severally unable to provide themselves with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

POTTER, *Commissioner*, concurring.

I concur in the decision in this case for the reasons stated in connection with the decision in the similar case, *Loan to Chicago, Rock Island & Pacific Ry.*, 67 I. C. C., 569, 575.

67 I. C. C.

DANIELS, *Commissioner*, dissenting:

For the reasons stated in my dissent in the similar case, *Loan to Chicago, Rock Island & Pacific Ry.*, 67 I. C. C., 569, 572, decided at the same time, I am unable to concur in the findings required as a condition of certifying the proposed loan in this case.

Certificate No. 98 for a Loan under section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$3,304,000 by the United States, in two parts as hereinafter set forth, to the National Railway Service Corporation, hereinafter referred to as the corporation, an organization approved for the purpose as most appropriate in the public interest, to aid the Wheeling & Lake Erie Railway Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, in providing itself with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the corporation and the character and value of the security offered are such as to furnish responsible assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor and to meet their other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$3,304,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years from June 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in two equal parts, each of which shall be secured when and as made by the pledge by the corporation with the Secretary of the Treasury, to be registered in his name, of an equivalent principal amount of deferred lien 6 per cent equipment-trust certificates, hereinafter referred to as deferred-lien certificates, issued in respect of contract No. 3 entered into by the applicant under an equipment-trust agreement, series A, lease basis, dated June 1, 1921, executed by the corporation to the Bankers Trust Company, of New York, as trustee, hereinafter referred to as the trust agreement. The deferred-lien certificates shall be substantially in the form as shown by exhibit A hereto attached.¹ The

¹ On file with the Commission but omitted from printed report.

trust agreement and the contract are substantially in the form as shown by exhibit B hereto attached.¹ The deferred-lien certificates, which may be in temporary form, exchangeable for definitive certificates when prepared, shall be sufficiently identified and authenticated to the Secretary of the Treasury by certification thereon by the Bankers Trust Company, as trustee, that such certificates are of the series described in the trust agreement and such certification shall be substantially in the form shown in exhibit A hereto attached.¹

(b) Each part of the loan shall be further secured by the unrestricted indorsement and guaranty of the applicant upon the obligations evidencing the loan, which may be substantially in the form shown by exhibit C hereto attached.¹

(c) As security for the performance of the obligations of indorsement and guaranty referred to in subparagraph (b) of paragraph 5 hereof, and as security for the repayment of said loan by the corporation, the applicant when and as the first part of the loan is made, shall execute and deliver to the Secretary of the Treasury an instrument of pledge substantially in the form shown by exhibit D hereto attached,¹ and shall pledge with the Secretary of the Treasury \$779,000, principal amount, of the applicant's refunding mortgage series-B 5 per cent gold bonds, due 1966, issued under an indenture of mortgage, dated September 1, 1916, executed and delivered by the applicant to the Central Trust Company of New York (now Central Union Trust Company of New York) as trustee. Said bonds are in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series and aggregate principal amounts, substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in the denominations and aggregate principal amounts and are numbered as follows:

Bonds.	Number.	Denomination.	Principal amount.
Nos. T-293 to T-295.....	3	\$50,000	\$150,000
No. T-296.....	1	20,000	20,000
No. T-297.....	1	5,000	5,000
No. T-298.....	1	2,000	2,000
No. T-319.....	1	100,000	100,000
No. T-320.....	1	1,000	1,000
Nos. T-321 to T-324.....	4	100,000	400,000
No. T-325.....	1	15,000	15,000
No. T-326.....	1	50,000	50,000
No. T-327.....	1	25,000	25,000
No. T-328.....	1	10,000	10,000
No. T-329.....	1	1,000	1,000
Total.....	17	.....	779,000

¹ On file with the Commission but omitted from printed report.

(d) The corporation may repay all or any portion of the loan before maturity. When and as repayment is made upon either part of the loan, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the portion of the loan repaid. There shall be released to the applicant at the expiration of one year from the date the first part of the loan is made, \$602,000, principal amount, of applicant's refunding mortgage series-B 5 per cent gold bonds, being part of \$779,000, principal amount, of said bonds, referred to in subparagraph (c) of paragraph 5 hereof: *Provided, however,* That neither the applicant nor the corporation shall then be in default in the performance of their respective obligations in connection with the loan. The Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of the collateral security pledged by the applicant or by the corporation and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be hereafter pledged, or may have been heretofore pledged by the applicant as security for this loan or any other obligation of said applicant to the United States under section 210 of the transportation act, 1920, as amended, whether as principal, surety, guarantor, indorser, or otherwise, shall be applicable in like manner to secure the repayment of any and all of said loans and obligations, and to secure the performance of any obligations of guaranty or other contingent or conditional liability to the United States now or hereafter incurred with respect to any obligation under said section 210, and such securities shall be held by the Secretary of the Treasury for said purposes until all of said loans, obligations, and liabilities of whatever sort are finally and completely released, paid, satisfied, and discharged; subject, however, to the provisions as to release contained in subparagraph (d) of paragraph 5 hereof.

(f) So long as neither the applicant nor the corporation shall be in default in the performance of their respective obligations in connection with the loan, the applicant shall be entitled to receive and retain the income on any of the collateral described and identified by subparagraph (c) of paragraph 5 hereof and by the instrument of pledge referred to therein, or upon any collateral pledged as additional security for the loan pursuant to subparagraph (c) of paragraph 5 thereof, and the holder of the obligation or obligations

evidencing the loan shall not, while neither the applicant nor the corporation shall be in such default, collect such income, but shall remit to the applicant all of the same paid to him and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock. Payments of principal and/or interest upon the deferred-lien certificates referred to in subparagraph (a) of paragraph 5 hereof shall be credited and applied, first upon any interest due upon said loan and thereafter upon the principal thereof.

(g) The corporation has agreed in an instrument in writing, dated the 9th day of June, 1921, filed with the Interstate Commerce Commission, to the following condition: The Interstate Commerce Commission may at any time examine the accounts and records of the corporation and may require the corporation to file with the Commission annual or special reports. In event the Commission shall certify to the Secretary of the Treasury that the corporation has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder become due and payable.

6. That the prospective earning power of the applicant and the corporation, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of repayment of the loan within the time fixed therefor and reasonable protection to the United States, and

7. That the applicant and the corporation, in the opinion of the Commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 28th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 1283.

IN THE MATTER OF THE APPLICATION OF THE
CHARLES CITY WESTERN RAILWAY COMPANY FOR
A LOAN FROM THE UNITED STATES TO AID IN
MEETING MATURING INDEBTEDNESS.

Submitted April 20, 1921. Decided May 12, 1921.

Application granted, and loan of \$140,000 approved.

E. R. Ernsberger for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Charles City Western Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on March 17, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness. On March 29 and April 20, 1921, the applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$140,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Purposes.	Principal amount.	Financed by applicant.	Loan from United States.
Applicant's 6-year 7 per cent gold bonds, due Mar. 1, 1921.....	\$240,000	.....	.....
One year's interest, past due on said bonds.....	9,800	.....	.....
Past-due mortgage loan on Charles City terminal, with interest, due Mar. 1, 1921.....	10,824	.....	.....
Note given Security Savings Bank of Charles City, Iowa, in respect to car-trust balance, and interest, past due.....	15,296	.....	.....
Temporary loan made by Security Trust & Savings Bank of Charles City, past due.....	2,000	.....	.....
Total.....	277,920	\$137,920	\$140,000

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$200,000, principal amount, of applicant's first-mortgage 6 per cent bonds.

6. That the extent to which the public convenience and necessity will be served is that the granting of the loan will enable the applicant to restore its credit, thus enabling it to continue operation, and properly serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

On January 14, 1921, the applicant sold \$40,000, face amount, of its first-mortgage bonds, due March 1, 1921, at a discount of 50 per cent. The loan will not be made until the applicant has repurchased these bonds at the price for which it sold them and has furnished us satisfactory evidence that such repurchase has been consummated.

The applicant shall agree with us that it will hereafter set up depreciation charges on equipment on a proper basis.

The applicant admits that all of its future security issues are subject to our approval.

An appropriate certificate will be issued.

Certificate No. 100 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$140,000 by the United States to the Charles City Western Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$140,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$200,001.60, principal amount, of applicant's first-mortgage 10-year 6 per cent gold notes, due 1931, issued under an indenture of mortgage, dated July 1, 1921, executed and delivered by the applicant to the Security Trust & Savings Bank, of Charles City, Iowa, as trustee. Said notes are in definitive coupon form, having coupon due July 1, 1921, and subsequent coupons attached, are in the denominations and are numbered as follows:

	Denomination.	Amount.
519 notes, Nos. 481-999-----	\$383. 33	\$198, 948. 27
1 note, No. 1000-----	1, 053. 33	1, 053. 33
Total-----		200, 001. 60

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral secured shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section

210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 3d day of June, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loans; and (2) the applicant will hereafter set up depreciation charges on equipment on a proper basis. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 18th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 24.

IN THE MATTER OF THE APPLICATION OF THE DETROIT & IRLINGTON RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted May 9, 1921. Decided May 13, 1921.

1. Certificate issued authorizing the construction of a line of railroad in Wayne county, Mich.
2. Request for authority to retain excess earnings granted.

Alfred Lucking and William Lucking for applicant.

Seligsberg, Lewis & Strouse for Leon Tanenbaum and Benjamin M. Strauss.

Sheridan F. Masters and Clare Retan for the state of Michigan and the Michigan Public Utilities Commission.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Detroit & Irlington Railroad Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, on July 21, 1920, filed an application for a certificate of public convenience and necessity, pursuant to paragraph 18, section 1, of the interstate commerce act, authorizing it to construct a line of railroad in Wayne county, Mich., and to acquire by lease the railroad of the Detroit, Toledo & Irlington Railroad Company, with the right to operate it. Permission is requested, under paragraph 18 of section 15a, to retain the excess earnings of the line to be constructed. On August 17, 1920, an amended application was filed. This amended application is identical with the original application, except that an alternate route is designated. The Public Utilities Commission of Michigan filed an answer denying our jurisdiction. We are of opinion that we have jurisdiction. A hearing was held upon notice to interested parties. This report will deal only with that part of the application relating to the contemplated construction. All matters pertaining to the proposed acquisition, by lease, of the property of the Detroit, Toledo & Irlington Railroad Company, by the applicant, are reserved for further consideration. An application for authority to issue stock and assume certain obligations is pending before us.

The applicant proposes to construct a standard-gauge steam railroad, approximately 15 miles long, extending southward from Springwells or Fordson, Mich., 8 miles west of the Detroit city hall, to a connection with the Detroit, Toledo & Ironton Railroad, near Trenton or Flat Rock, two stations on that line not far apart. This road will connect with the Detroit Terminal Railroad on the north, which will give it a connection with the other steam railroads at Detroit. Around Fordson, there is a developing industrial community. South of the River Rouge, the line will pass through an agricultural country and will divide somewhat evenly the space, generally 7 or 8 miles wide, lying between the Michigan Central and Pere Marquette railroads. It is stated that the growth of Detroit will probably carry its industrial development in this direction, and as the proposed line will open up relatively cheap sites for industries, it is thought that considerable industrial development will take place in the territory which it will serve. During late years the industrial growth of Detroit has outstripped its railroad trackage facilities. There has been serious difficulty, at times, in handling freight cars through the city with reasonable dispatch. The Detroit, Toledo & Ironton Railroad, whose present terminus is at Del Ray, near the Detroit River, has no direct connection with the Detroit Terminal Railroad, but reaches that road over the main line of the Pere Marquette. It usually requires from two to four days to switch cars between the Detroit, Toledo & Ironton and their destination in Detroit. The proposed line will not only relieve congestion on the Pere Marquette-Wabash joint interchange, but will also avoid repeated switching and reclassification of cars and the consequent delay in deliveries. It could be readily connected at or near its southern end with other carriers, in addition to the Detroit, Toledo & Ironton Railroad, thus furnishing a connection with the Detroit Terminal Railroad and becoming a useful addition to the railroad trackage of the Detroit industrial district. The estimated cost of the road is \$1,000,000. The showing with respect to probable earnings is satisfactory.

Upon the facts presented we find that the present and future public convenience and necessity require the construction by the applicant of the line of railroad, approximately 15 miles in length, in Wayne county, Mich., described in the application, and we further find that applicant should be permitted to retain for a period not to exceed 10 years from the date the new line of railroad is completed and put in operation, but not later than December 31, 1932, all or any part of its earnings derived from such new line in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make, con-

ditioned, however, upon the completion of the work of construction on or before December 31, 1922. A certificate and order to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding, in so far as they relate to the construction of a line of railroad approximately 15 miles long, in Wayne county, Mich., having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Detroit & Ironton Railroad Company of a line of railroad in Wayne county, Mich., described in the report aforesaid.

It is ordered, That said Detroit & Ironton Railroad Company be, and it is hereby, authorized to construct and operate such new line of railroad: *Provided, however,* that the construction of said new line of railroad shall be completed on or before December 31, 1922.

It is further ordered, That the said Detroit & Ironton Railroad Company be, and it is hereby, given permission to retain for a period not to exceed 10 years from the date the said new line of railroad is completed and put in operation, but not later than December 31, 1932, all or any part of its earnings in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same, conditioned, however, upon the completion of the work of construction on or before December 31, 1922.

And it is further ordered, That said Detroit & Ironton Railroad Company, when filing schedules establishing rates and fares on said new line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 949.

IN THE MATTER OF THE APPLICATION OF THE
CUMBERLAND & MANCHESTER RAILROAD COMPANY
FOR A LOAN FROM THE UNITED STATES TO MEET
MATURING INDEBTEDNESS.

Submitted April 28, 1921. Decided May 13, 1921.

Application granted and loan of \$375,000 approved.

Chas. F. Heidrick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cumberland & Manchester Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 11, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$375,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are to pay 19 two-year notes, which matured January 1, 1921, in principal amounts and held as follows:

E. H. Jennings & Bro. Co., Pittsburgh, Pa.....	\$10,000
First National Bank, Greensburg, Pa.....	10,000
Brookville Title & Trust Co., Brookville, Pa.....	40,000
People's National Bank, Reynoldsville, Pa.....	6,000
Country National Bank, Punxsutawney, Pa.....	5,000
First National Bank, Clarion, Pa.....	5,000
Barclay Westmoreland Trust Co., Greensburg, Pa.....	5,000
National Bank of Brookville, Brookville, Pa.....	10,000
Deposit National Bank, Dubois, Pa.....	15,000
First National Bank, New Bethlehem, Pa.....	15,000
J. N. Robison, Barbourville, Ky.....	10,000
First National Bank, Barbourville, Ky.....	12,000
National Bank of John A. Black, Barbourville, Ky.....	6,000
Chas. F. Heidrick, Barbourville, Ky.....	12,000
First National Bank, Manchester, Ky.....	6,000
First National Bank, Corbin, Ky.....	8,000

National Bank of Kentucky, Louisville, Ky-----	\$20, 000
D. L. Walker, Manchester, Ky-----	10, 000
War Finance Corporation, Washington, D. C-----	175, 000
Total-----	375, 000

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 40-year 5 per cent gold bonds, due 1956, in the principal amount of \$500,000.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and thus enable it to properly serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The applicant has entered into an agreement, dated April 15, 1921, with Charles F. Heidrick, individually and as trustee, providing *inter alia* for certain adjustments in its accounts with said Heidrick and others, a copy of which agreement is on file with us. One of the conditions of the loan shall be that at any time if in our opinion the applicant or said Heidrick or any other person concerned has failed or refused well and truly to comply with any one or more of the terms and conditions contained in such agreement, or has in any manner or to any extent, interfered with, obstructed, or prevented the performance thereof, or if in our opinion for any reason, whether of law or of fact, said agreement or any of the terms and conditions thereof has not been or can not be performed, or if the performance thereof shall be delayed longer than we deem proper, we, in our discretion, with or without investigation, may certify to the Secretary of the Treasury our conclusions in the matter, whereupon the whole or any part of the obligations evidencing the loan, as we may designate, shall, at the option of the holder, become immediately due and payable.

The applicant proposes to issue and sell \$125,000 of its general-mortgage 10-year 6 per cent gold bonds at a price to yield not more than 8 per cent per annum, the proceeds of which are to be applied to certain additions and betterments to applicant's property, and also proposes to issue and sell \$100,000 of its 6 per cent equipment-trust notes, series A, at a price to yield not more than 7 per cent per annum, the proceeds of which are to be used for

the acquisition of certain equipment. The certificate will provide that no part of the loan shall be obtained by the applicant until arrangements for the disposition of the general-mortgage bonds have been completed. Said Charles F. Heidrick, individually and as trustee for certain others, has agreed to purchase the equipment-trust notes when issued at a price to yield not more than 7 per cent per annum, and will pledge as collateral security for the loan, pending the purchase of such equipment notes, with the United Trust Company of Pittsburgh, of Pittsburgh, Pa., \$50,000 in cash, and \$50,000 of promissory notes secured by mortgage on said Heidrick's hotel property located in Franklin, Pa., pursuant to the terms of a certain instrument of assignment or pledge. No part of the loan shall be made until we have received satisfactory evidence that the instrument has been executed and the notes pledged with the Union Trust Company of Pittsburgh.

Another condition of the loan will be that the management of the applicant's property shall be, at all times during the life of the loan, satisfactory to us.

After investigation, we find that the making in whole of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 93 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$375,000 by the United States to the Cumberland & Manchester Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$375,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$500,000, principal amount, of applicant's first-mortgage 40-year 5 per cent gold bonds, due 1956, issued under an indenture of mortgage, dated January 3, 1916, executed by the applicant to the Union Trust Company of Pittsburgh, Pittsburgh, Pa., as trustee. Said bonds are in definitive coupon form, having coupon due July 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1 to 500, inclusive.

(b) The loan shall be further secured by the execution and delivery by Charles F. Heidrick, individually and as trustee, to the Union Trust Company of Pittsburgh, Pittsburgh, Pa., of a certain instrument of assignment or pledge substantially in the form shown by exhibit A hereof attached and made a part hereof,¹ such execution and delivery to be certified to us in advance of the making of the loan by said trust company by certificate substantially in the form shown in said exhibit A.

(c) The loan shall not be made unless and until the Commission certifies to the Secretary of the Treasury that the Commission has received the certificate referred to in subparagraph (b) of paragraph 5 hereof, and that the applicant has complied in all respects with the conditions contained in subparagraph (g), clause (1), of this certificate.

(d) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(e) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately

¹ On file with the Commission but omitted from printed report.

as parts of the loan are repaid, except as otherwise provided in exhibit A.

(f) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(g) The applicant has agreed in an instrument in writing, dated the 16th day of May, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The applicant within 90 days after the date of the certificate authorizing said loan shall have sold or shall have entered into contract for the sale of, \$125,000, principal amount, of its general-mortgage 6 per cent gold bonds at a price to yield not more than 8 per cent per annum, and within said 90 days shall cause the Union Trust Company of Pittsburgh, of the city of Pittsburgh, Pa., as the applicant's depository and clearing agent, to certify to the Interstate Commerce Commission that said bonds have been sold or validly subscribed for (a) through subscriptions by the holders of applicant's two-year 6 per cent collateral gold notes, dated January 1, 1919, and matured January 1, 1921, accompanied by the deposit with said trust company of a principal amount of said collateral-trust notes sufficient, if paid, to cover the amount of said subscriptions, with full authority without power of revocation to said trust company to collect and apply the proceeds of such collateral-trust notes for the purchase of said general-mortgage bonds when issued, and/or (b) through subscriptions accompanied by the deposit with said trust company of cash sufficient to cover the amount thereof, with full authority without power of revocation to said trust company to apply said cash for the purchase of said general-mortgage bonds when issued. (2) The applicant shall issue and sell \$100,000, principal amount, of its equipment-trust notes, series A, at a price to yield not more than 7 per cent per annum to the investor, and with the proceeds thereof, shall purchase equipment equal in value to the amount of such proceeds. (3) All amounts received by the applicant from the sale of the securities referred to in (1) and (2) preceding shall have been expended or definitely obligated for the purposes set forth in said paragraphs on or before January 1, 1922, and the applicant

shall furnish the Commission on or about July 1, 1921, and January 1, 1922, detailed certificates under oath of its chief engineer or other officer having knowledge of the facts showing the character and costs of the additions and betterments made with the proceeds of the securities referred to in subdivision (1) preceding and of the equipment purchased with the proceeds referred to in subdivision (2) preceding. (4) The management of applicant's property, at all times during the life of the loan, shall be satisfactory to the Commission. (5) Applicant has entered into an agreement, dated April 15, 1921, with Charles F. Heidrick, individually and as trustee, providing *inter alia* for certain adjustments in its accounts with said Heidrick and others, a copy of which agreement is on file with the Commission. Applicant covenants and agrees that at any time, if in the opinion of the Commission the applicant or said Heidrick or any other person concerned has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, or has in any manner or to any extent, interfered with, obstructed, or prevented the performance thereof, or if in the opinion of the Commission for any reason, whether of law or of fact, said agreement or any of the terms and conditions thereof has not been or can not be performed, or if the performance thereof shall be delayed longer than the Commission shall deem proper, the Commission, in its discretion, with or without investigation, may certify to the Secretary of the Treasury its conclusions in the matter, whereupon the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become immediately due and payable. In event the Commission shall make the certificate to the Secretary of the Treasury, referred to in the preceding paragraph, or shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 28th day of May, 1921.

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FINANCE DOCKET No. 1099.¹

IN THE MATTER OF THE APPLICATIONS OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND DELIVER BONDS.

Submitted April 21, 1921. Decided May 13, 1921.

1. Authority granted to issue consolidated 50-year gold bonds in an aggregate amount not exceeding \$584,000, and to deliver them, or cause them to be delivered, to the applicant's tenants, in accordance with certain leases and the mortgage under which issued.
2. Dismissal ordered of that part of application requesting authority covering the issue of \$130,000 of such bonds on September 1, 1920, and requesting approval of the action of the applicant's officers in delivering the bonds to its tenants without our authorization therefor having first been obtained.

C. G. Austin, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

By three separate applications filed in accordance with the provisions of section 20a of the interstate commerce act and the requirements prescribed by us thereunder, the Chicago & Western Indiana Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority to issue its consolidated 50-year gold bonds in an aggregate amount of \$584,000, and to deliver them at par to its proprietary tenants, in accordance with the provisions of the mortgage under which issued, and of certain leases. As the bonds are to be issued under the same mortgage, the proceedings in the three cases are consolidated.

In each case, due notice of the filing of the application was given. No objection has been made to the granting of any of the applications.

In the application recorded in Finance Docket No. 1099, authority is requested, among other things, for an order covering the issue of \$130,000 of consolidated 50-year gold bonds on September 1, 1920, and the approval of the action of the applicant's officers in delivering the bonds to its tenants on that date. Section 20a of the interstate commerce act provides that it shall be unlawful for any carrier

¹ This report and order also embrace Finance Dockets Nos. 1187 and 1233.

to issue any securities, even though permitted by the authority creating the carrier corporation, unless and until, upon application of the carrier and investigation by us, we by order authorize such issue. The bonds which were issued and delivered on September 1, 1920, without complying with this provision of the law, are, by the plain terms of the statute, void, and no means are provided for validating them. They are not obligations of the applicant, and may not be carried on its books as such. That part of the application covering the issue and delivery of bonds on September 1, 1920, will, therefore, be dismissed.

The applicant's proprietary tenants are the Chicago & Eastern Illinois Railway Company, which has succeeded the Chicago & Eastern Illinois Railroad Company, the Wabash Railroad Company, the Grand Trunk Western Railway Company, the Chicago & Erie Railroad Company, and the Chicago, Indianapolis & Louisville Railway Company.

Under the leases providing for the use of the applicant's property by its tenants, certain sinking-fund payments are required to be made by the tenants to the trustees under the applicant's general mortgage of December 1, 1882. It appears that these payments are in the nature of advances made by the tenant companies on behalf of the applicant. With the moneys thus received, the trustees redeem general-mortgage bonds, either by purchase at a price not exceeding par and accrued interest, or by drawing outstanding bonds at 105 and accrued interest.

By the applicant's consolidated mortgage of July 1, 1902, certain bonds are reserved for the purpose of retiring outstanding bonds of the applicant. It is provided that of the bonds so reserved the trustee under the consolidated mortgage shall, from time to time, deliver to any tenant an amount of reserved bonds equal to the par value of outstanding bonds which the tenant shall have had canceled by means of its sinking-fund payments.

The applicant represents that for sinking-fund payments made and to be made by its tenants, they have or will become entitled to receive consolidated-mortgage bonds in amounts and as of dates, as follows:

September 1, 1920.....	\$130,000
December 1, 1920.....	125,000
March 1, 1921.....	104,000
June 1, 1921.....	99,000
September 1, 1921.....	73,000
December 1, 1921.....	53,000
Total	584,000

We find that the proposed issue and delivery of bonds, as hereinbefore set forth (a) are for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which

is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & Western Indiana Railroad Company be, and it is hereby, authorized to issue \$584,000 of consolidated 50-year gold bonds under and pursuant to the consolidated mortgage of July 1, 1902, made by it to the Illinois Trust & Savings Bank, and to deliver them at par, or cause them to be so delivered, to its respective tenants in amounts equal to the par value of general-mortgage bonds which have been canceled, and which shall be canceled, by the sinking-fund or other payments made by said tenants, as set forth in its application herein.

It is further ordered, That, except as herein authorized to be issued and delivered, said consolidated 50-year gold bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall for the periods ending June 30, September 30, and December 31, 1921, within 30 days after the close of such periods, report to the Commission all pertinent facts relating to (1) the issue and delivery of bonds as herein authorized; and (2) the cancellation of general-mortgage bonds; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

It is further ordered, That the application of the Chicago & Western Indiana Railroad Company in Finance Docket No. 1099 be, and it is hereby, dismissed, so far as it requests authority covering the issue of \$130,000 of consolidated 50-year gold bonds on September 1, 1920, and approval of the action of its officers in delivering said bonds on that date to its proprietary tenants.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1207.

IN THE MATTER OF THE APPLICATION OF THE UINTAH
RAILWAY COMPANY FOR A CERTIFICATE OF PUB-
LIC CONVENIENCE AND NECESSITY.

Submitted April 25, 1921. Decided May 13, 1921.

1. Certificate issued authorizing the construction of a line of railroad in Uintah county, Utah.
2. Request for authority to retain excess earnings granted.

P. B. Steffen for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Uintah Railway Company, a carrier by railroad subject to the interstate commerce act, on January 20, 1921, filed its application for a certificate under paragraph (18) of section 1 of the act, that the present and future public convenience and necessity require the construction by the applicant of an extension to its line of railroad 19.36 miles long, from its present terminus at Watson, Utah, to a point 11 miles north and 2.5 miles east thereof, to be known as the Watson north extension. From this extension it is proposed to construct three branches; the Bonanza extension, 3.011 miles long; the Cowboy east extension, 1.401 miles long; and the Cowboy west extension, 1.193 miles long. All of the proposed construction is in Uintah county, Utah. Permission is asked under paragraph (18), section 15a, to retain the excess earnings.

The present line extends from Mack, Colo., to Watson, Utah, 68.46 miles. The company was organized in 1903, and its entire capital stock, except directors' qualifying shares, is owned by the Barber Asphalt Paving Company. The chief purpose of the road is to haul gilsonite, a species of asphalt, from that company's properties. Applicant states that according to an estimate by the bureau of mines, there are 150,000,000 tons of gilsonite in the territory that will be reached by this extension. Deposits of coal exist near the proposed northern terminus and large deposits of oil shale are found along the route. This shale will furnish a large tonnage if means are found to make its use commercially profitable. Transportation will be furnished for the sheep and cattle industry, which, however,

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is relatively unimportant. For the years 1913 to 1919, inclusive, mineral products averaged 74 per cent of the tonnage on the present line. The passenger business is negligible. The territory is not served by any other railroad.

Applicant states that practically all of the tonnage of the present line originates in the territory along the proposed extension. The gross tonnage over the extension will thus be nearly the same as that handled over the existing line. The estimate of traffic is based on the actual traffic of the present line in 1920. Applicant assumes that the tonnage of gilsonite will be 10 per cent greater in 1924 than in 1920, and that each succeeding year will show a gain of 10 per cent over the preceding year. Other tonnage has been estimated as remaining unchanged. Operating expenses were 13 cents a ton-mile in 1920 but applicant estimates them at 10 cents a ton-mile for the extension because there will be no increase in overhead expenses and no additional rolling stock required. The net revenue so estimated is one-third of the gross revenue. The mean operating ratio of the existing line for the years 1913 to 1919 was 68.5 per cent. Railway tax accruals in 1919 were about 8 per cent of gross revenue.

Applicant estimates that the proposed extension will have a cost of \$1,464,381 and that the yield on the investment will be 5.1 per cent in 1924, progressively increasing to 7 per cent in 1928. We regard this estimate as too high.

Upon the facts presented we find that the present and future public convenience and necessity require the construction by the applicant of the line of railroad described in the application, and we further find that applicant should be permitted to retain for a period not to exceed 10 years from the date the extension is completed and put in operation, but not later than December 31, 1933, all or any part of its earnings derived from such new construction in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make, conditioned, however, upon commencing the work of construction on or before July 1, 1922, and completing it on or before December 31, 1923. A certificate and order to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Uintah Railway Company of a new extension of a line of railroad in Uintah county, Utah, described in the report aforesaid.

It is ordered, That said Uintah Railway Company be, and it is hereby, authorized to construct and operate said new extension of a line of railroad: *Provided, however* that the construction of said new extension of a line of railroad shall be commenced on or before July 1, 1922, and completed on or before December 31, 1923.

It is further ordered, That the said Uintah Railway Company be, and it is hereby, given permission to retain for a period of not to exceed 10 years from the date the said extension is completed and put in operation, but not later than December 31, 1933, all or any part of its earnings derived from such new extension in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same, conditioned, however, upon the completion of the work of construction on or before December 31, 1923: *Provided, however,* That the retention of said excess earnings be further conditioned upon the segregation of the accounts in connection with the operation of said extension from the remainder of the accounts of the Uintah Railway Company in such manner that the cost of operation and income due to the construction and operation of said extension be kept entirely distinct from those of the remainder of the Uintah Railway Company and that the division of earnings between the extension and the remainder of the line of the Uintah Railway Company shall be subject to the approval and correction of the Interstate Commerce Commission.

It is further ordered, That said Uintah Railway Company, when filing schedules establishing rates and fares on said new extension of a line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 1273.

IN THE MATTER OF THE APPLICATION OF THE NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY FOR AUTHORITY TO ISSUE FIRST CONSOLIDATED MORTGAGE BONDS.

Submitted April 26, 1921. Decided May 14, 1921.

Authority granted to issue \$1,000,000 of its first consolidated mortgage 5 per cent gold bonds, and (a) to sell any or all of said bonds, and / or (b) to pledge and repledge, from time to time, until otherwise ordered, all or part thereof as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Terms and conditions prescribed.

Fitzgerald Hall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Nashville, Chattanooga & St. Louis Railway, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$1,000,000 of its first consolidated mortgage bonds; and (2) to sell any or all of said bonds, or to pledge any or all thereof as security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without our authorization having first been obtained.

The first consolidated mortgage, dated April 2, 1888, made by the applicant to the United States Trust Company of New York, authorizes an issue of bonds not to exceed \$20,000,000, with the further limitation that the total amount of bonds issued shall not exceed \$20,000 per mile of line. It appears that the applicant now has 856.64 miles of line, so that the maximum amount of bonds authorized at this time is \$17,132,800, of which \$15,353,000 are now issued and outstanding.

In the property to which the lien of this mortgage originally attached, there were included 650.2 miles of line. Under section 3 of the first stipulation, the applicant may, upon the acquisition, by construction or otherwise, of any additional mile or miles of single-track railroad upon which no prior lien exists, issue bonds in respect thereof at the rate of not exceeding \$20,000 per mile. It appears that

the applicant has 50.48 miles of single-track railroad against which bonds secured by the mortgage have not been issued and which are not encumbered by any mortgage or lien other than said first consolidated mortgage. It further appears that between June 30, 1913, and December 31, 1920, the applicant's investment in road and equipment shows a net increase of \$11,180,783.09, the larger part of which was expended from accumulated surplus. The \$1,000,000 of bonds for which authority is sought are to be issued in respect of these 50.48 miles of line, for the purpose of reimbursing the applicant's treasury on account of expenditures made for additions and betterments.

The applicant submits that its present income is not sufficient to meet operating expenses and fixed charges, and that steps must be taken to strengthen its working capital and to provide for improvements to way and equipment.

The proposed bonds will bear interest at the rate of 5 per cent per annum and mature April 1, 1928. Any sale of bonds will be negotiated on such basis that the annual cost to the applicant of the proceeds thereof, including interest, discount, attorneys' fees, and all other expenses, will not exceed 7 per cent of the principal amount of the bonds sold. No arrangements have been made for such sale, however, and it is therefore desired that as an alternative the bonds, or any part of them, may be pledged as collateral security for any loans deemed advisable by the applicant's president.

Upon receipt of the application, a copy thereof was filed with the governor of each state in which the applicant operates. No objection has been made to the granting of the application.

We find that the proposed issue of bonds and the proposed sale and/or pledge thereof as aforesaid (*a*) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof.

It is ordered, That the Nashville, Chattanooga & St. Louis Railway be, and it is hereby, authorized to issue for the purpose of

reimbursing its treasury on account of expenditures made for additions and betterments, \$1,000,000 of its first consolidated mortgage bonds, under and pursuant to the first consolidated mortgage dated April 2, 1888, made by the applicant to the United States Trust Company of New York; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of April and of October in each year, and to mature April 1, 1928; and (a) to sell any or all of said bonds at such price that the annual cost to said applicant shall not exceed 7 per cent of the aggregate amount of the bonds so sold, including in such cost interest, discount, attorneys' fees, and all other expenses of sale in connection therewith; and/or (b) until otherwise ordered by us, to pledge and repledge, from time to time, all or part of said bonds as collateral security for any note or notes which may be issued by said applicant within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this Commission therefor having first been obtained; said pledge or pledges to be in the ratio of not exceeding \$125 of value in bonds at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall report to the Commission all pertinent facts relating to the issue and sale of said bonds, or any part thereof, as herein authorized, within 10 days thereafter, respectively; said reports to be signed and verified by an executive officer having knowledge of the facts therein contained.

It is further ordered, That within 10 days after the pledge or repledge of said bonds, or any part thereof, as herein authorized, the applicant shall file with the Commission certificates of notification to that effect, and within 10 days after the release of said bonds from such pledge shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1423.

IN THE MATTER OF THE APPLICATION OF THE PENNSYLVANIA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted May 6, 1921. Decided May 14, 1921.

Application granted and loan of \$5,700,000 approved.

Henry Tatnall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pennsylvania Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on April 30, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness.

In the application, the applicant sets forth:

1. That the amount of the loan desired is, \$5,700,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied on account of maturing indebtedness are as follows:

Evidences of indebtedness.	Principal amount.	Financed by applicant.	Loan from United States.
Cornwall & Lebanon Railroad Company first-mortgage 4 per cent bonds, due Apr. 1, 1920.....	\$764,900	\$151,200	\$613,700
Philadelphia, Wilmington & Baltimore Railroad 4 per cent stock trust certificates, due July 1, 1921.....	5,093,000	6,700	5,086,300
Total.....	5,857,900	157,900	5,700,000

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is the common capital stock, at par, of the Philadelphia, Baltimore & Washington Railroad Company.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant adequately to perform its transportation services to the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 94 for a Loan under Section 210 of the Transportation Act, 1920, as Amended. .

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$5,700,000 by the United States to the Pennsylvania Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$5,700,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of 142,500 shares of the common capital stock of the Philadelphia, Baltimore & Wash-
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ington Railroad Company of the par value of \$7,125,000, evidenced by the following described certificates:

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 24th day of May, 1921.

§7 I. C. C.

FINANCE DOCKET No. 1041.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN ACQUIRING EQUIPMENT.

Approved May 16, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Cancellation of Certificate No. 65.

The Interstate Commerce Commission hereby cancels its certificate No. 65, of January 22, 1921, for a loan of \$3,825,000 by the United States to the Southern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new freight-train equipment.

Done at Washington, D. C., this 16th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1405.

IN THE MATTER OF THE APPLICATION OF THE LOS ANGELES & SALT LAKE RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted April 30, 1921. Decided May 16, 1921.

Authority granted to issue at par promissory notes in an aggregate amount of not to exceed \$2,500,000, to meet anticipated requirements during the year 1921.

Henry W. Clark for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Los Angeles & Salt Lake Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act to issue at par, prior to January 1, 1922, not to exceed \$2,500,000 of its unsecured promissory notes, payable one year after date, with interest at not to exceed 7 per cent per annum. No objection has been made to the granting of the application.

The applicant estimates that its total cash requirements for other than operating expenses will for the current year amount to \$6,332,460, as follows:

Additions, betterments, and new equipment.....	\$2, 738, 985. 00
Interest requirements	2, 535, 433. 00
Taxes	1, 058, 042. 00
Total.....	6, 332, 460. 00

To apply on the above items the applicant has set aside \$600,000, and its estimated net income from operations for the 10 months ending December 31, 1921, before deducting taxes, is \$3,200,000. The estimated deficiency to be met from other sources therefore amounts to \$2,532,460.

To meet this deficiency, the applicant proposes to obtain loans from two of its stockholders, William A. Clark and the Oregon Short Line Railroad Company, as the necessity may arise. The above-mentioned notes are to be issued to evidence these loans.

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The proposed notes and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

We find that the proposed issue of notes by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Los Angeles & Salt Lake Railroad Company be, and it is hereby, authorized to issue at par, prior to January 1, 1922, its promissory notes in an aggregate face amount not exceeding \$2,500,000 to be payable one year after date, either to the order of William A. Clark or that of the Oregon Short Line Railroad Company, with interest at rates not exceeding 7 per cent per annum; the proceeds thereof to be used solely for the purposes set forth in the application.

It is further ordered, That except as herein authorized said notes shall not be sold, pledged, replighted, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That for the periods ending June 30, 1921, and December 31, 1921, the applicant shall, within 30 days after the close of such periods, report to the Commission all pertinent facts relating to (1) the issue of said notes; (2) the application of the proceeds thereof, specifying the purposes for which such proceeds have been used; and (3) the payment or satisfaction of said notes; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said notes or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1245.

IN THE MATTER OF THE APPLICATION OF THE ST. LOUIS-SAN FRANCISCO RAILWAY COMPANY FOR AUTHORITY TO SELL OR PLEDGE BONDS.

Submitted May 6, 1921. Decided May 17, 1921.

Authority granted (a) to sell all or any part of \$4,232,000, principal amount, of prior-lien mortgage bonds, series C (now held in applicant's treasury), at not less than 90 per cent of par and/or (b) to pledge and repledge from time to time, until otherwise ordered, all or any part thereof as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

Cravath, Henderson, Leffingwell & DeGersdorff for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The St. Louis-San Francisco Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to sell \$4,232,000 of its 5 per cent prior-lien mortgage bonds, series C (now held in its treasury), at a price to net not less than 90 per cent of par, or to pledge all or any part of these bonds at not less than 75 per cent of par as collateral security for any short-term notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without our authorization having first been obtained. No objection to the granting of the application has been filed with us.

The applicant was incorporated August 24, 1916, under the laws of Missouri, and through foreclosure proceedings acquired the railroad property theretofore owned by the St. Louis & San Francisco Railroad Company.

The bonds proposed to be sold and/or pledged are secured by a mortgage given by the applicant to the Central Trust Company of New York, (now the Central Union Trust Company of New York) and Daniel K. Catlin, trustees, under date of July 1, 1916, authorizing the issue of not to exceed \$250,000,000 of bonds. They are now held in the applicant's treasury, having been authenticated by the corporate trustee under the mortgage, and delivered to the applicant prior to the effective date of section 20a, to reimburse the applicant's

treasury for expenditures made from income (1) for additions, betterments, and equipment between July 1, 1917, and June 30, 1919, \$3,439,000; and (2) for equipment notes paid between January 1 and December 31, 1919, \$793,000.

The applicant owns about 3,546 miles and operates, including subsidiary lines, approximately 5,150 miles of steam railroad. Its balance sheet as of December 31, 1920, shows investment in road and equipment, including subsidiary lines, less depreciation amounting to \$20,471,367.32, of \$339,845,421.99, which is about \$66,000 per mile of road operated. Sinking funds, special deposits, other investments, etc., total \$2,791,484.22. It also shows \$57,947,026 of capital stock outstanding and \$288,093,370.96 of unmatured funded debt. Of this latter amount, \$4,232,000 is represented by bonds nominally issued and held in the company's treasury, but not proposed to be issued; \$15,760,007.96 is represented by equipment obligations; and \$80,136,423 by income bonds, of which \$35,192,000 is noncumulative and may be exchanged for stock. The ratio of stock to total funded debt is therefore about 1 to 5. Profit-and-loss credit balance is shown as \$3,364,178.16, and appropriated surplus as \$1,915,768.69. In 1919 the applicant's income was \$490,106.51, and its operating ratio 76.90 per cent, as compared with a ratio of 73.77 per cent on the St. Louis Southwestern Railroad, 89.08 per cent on the Missouri Pacific Railroad, and 85.17 per cent on the Missouri, Kansas & Texas Railroad. In 1920, the applicant's operating ratio was 86.44 per cent, as compared with 82.82 per cent on the Atchison, Topeka & Santa Fe Railway.

Applicant submits that reimbursement of its treasury for expenditures represented by the bonds which form the basis of this application is essential in order that it may further improve and extend its facilities and carry on efficiently its service as a common carrier.

The bonds bear interest at the rate of 6 per cent per annum, and will mature July 1, 1928. Any sale of bonds will be negotiated on such basis that the applicant will realize 90 per cent net of the par value thereon. No arrangements have been made for such sale, however, and it is therefore desired that as an alternative the bonds, or any portion of them, may be pledged as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

We find that the proposed sale and/or pledge of said bonds by the applicant (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not

impair its ability to perform that service and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the St. Louis-San Francisco Railway Company be, and it is hereby, authorized (1) to sell all or any part of \$4,232,000 of its prior-lien mortgage 6 per cent bonds, series C (now held in its treasury), at such price that the net proceeds to the applicant of any sale shall not be less than 90 per cent of the par value of said bonds, and/or (2) until otherwise ordered, to pledge and repledge, from time to time, all or part of said bonds as collateral security for any note or notes which may be issued by said applicant within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of the Commission therefor having first been obtained; said pledge or pledges to be in the ratio of not exceeding \$133.33 of bonds for each \$100 of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by the Commission.

It is further ordered, That the applicant shall, within 10 days thereafter (1) report to this Commission all pertinent facts relating to the sale of any of said bonds, (2) file with it certificates of notification of the pledge or repledge of any of said bonds, and (3) report to it all pertinent facts relating to the release of said bonds from such pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 120.

IN THE MATTER OF SETTLEMENT WITH THE CAIRO,
TRUMAN & SOUTHERN RAILROAD COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided May 19, 1921.

1. The Cairo, Truman & Southern Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Cairo, Truman & Southern Railroad Company, under the provisions of paragraphs (f) and (g) of section 204, is ascertained to be \$38,157.71, from which there is deductible an amount of \$5,485.71 due from said Cairo, Truman & Southern Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

F. S. Charlot for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cairo, Truman & Southern Railroad Company, a corporation of the state of Arkansas, hereinafter termed the carrier, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Truman and Weona, Ark., a distance of approximately 11 miles, its lines connecting at Truman with the St. Louis-San Francisco Railway, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 22, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 23, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period June 23, 1918, to February 29, 1920, inclusive, of \$72,089.91, whereas our examination of the accounts shows the correct amount for that period to be \$67,043.62. The operated

mileage during both the federal control period and the test period was approximately 11 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5, of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$28,885.91 of the maintenance charge.

We find a net credit of \$38,157.71 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$5,485.71 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-46 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Cairo, Truman & Southern Railroad Company, hereinafter termed the carrier, is a corporation of the state of Arkansas and is a carrier as defined in section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the Cairo, Truman & Southern Railroad Company is \$38,157.71.

2. The Commission also certifies that there is due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness an amount of \$5,485.71; and that the amount payable under said section 204 to the carrier, after deducting said amount due from the carrier to the President, is \$32,672.

Dated this 19th day of May, 1921.

FINANCE DOCKET No. 197.

IN THE MATTER OF SETTLEMENT WITH THE NEZPERCE & IDAHO RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided May 19, 1921.

1. The Nezperce & Idaho Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Nezperce & Idaho Railroad Company under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$21,109.43, from which no amount is deductible as due from said Nezperce & Idaho Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

J. M. Mitchell for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Nezperce & Idaho Railroad Company, a corporation of the state of Idaho, hereinafter termed the carrier, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Vollmer and Nezperce, Idaho, a distance of approximately 13.8 miles, its lines connecting at Vollmer with the Camas Prairie Railroad, Northern Pacific Railway, and Oregon-Washington Railroad & Navigation Company, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive.

It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$32,793.14, whereas our examination of the accounts shows the correct amount for that period to be \$35,199.87. The

operated mileage during both the federal control period and the test period was approximately 13.8 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$14,090.44 of the maintenance charge.

We find a net credit of \$21,109.43 due the carrier under section 204 in reimbursement of deficits during federal control, from which no amount is deductible as due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-50 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Nezperce & Idaho Railroad Company, hereinafter termed the carrier, is a corporation of the state of Idaho, and is a carrier as defined under section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the Nezperce & Idaho Railroad Company is \$21,109.43.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

Dated this 19th day of May, 1921.

FINANCE DOCKET No. 130.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
RECEIVER OF THE DAYTON, TOLEDO & CHICAGO
RAILWAY COMPANY UNDER SECTION 204 OF THE
TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided May 20, 1921.

1. The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver) is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver) under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$127,313.36, from which there is deductible an amount of \$100,000 due from said Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver) to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

W. C. Ramsay for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Dayton, Toledo & Chicago Railway Company, a corporation of the state of Ohio, hereinafter termed the carrier, was a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Dayton and Delphos, Ohio, a distance of approximately 95.3 miles, its lines connecting at Dayton with the Baltimore & Ohio Railroad; Erie Railroad; Pennsylvania lines; Cleveland, Cincinnati, Chicago & St. Louis Railway, and Cincinnati, Lebanon & Northern Railroad; at Delphos, with the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad; Toledo, St. Louis & Western Railroad, and Northern Ohio Railway; at Celina, Ohio, with the Cincinnati Northern Railroad and Lake Erie & Western Railroad; at Spencerville, Ohio, with the Erie Railroad; at Versailles, Ohio, with the Cleveland, Cincinnati, Chicago & St. Louis Railway; at Ludlow Falls, Ohio, with the Cleveland, Cincinnati, Chicago & St. Louis Railway; and at Covington, Ohio, with the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier purchased as of January 1, 1918, approximately 95.3 miles of the property formerly operated by the Cincinnati, Hamilton & Dayton Railway Company, and has operated this mileage since that time under the corporate name of the Dayton, Toledo & Chicago Railway Company. The result of the operations of the Chicago, Hamilton & Dayton Railway Company during the test period includes the results of the operations of this property, and it has been found impossible to make an equitable segregation of the accounts for the purpose of establishing the income or deficit for the portion of the property of the Chicago, Hamilton & Dayton Railway Company operated by the Dayton, Toledo & Chicago Railway Company subsequent to December 31, 1917. For this reason it has been necessary to apply the provision in the last sentence of paragraph (f) of section 204 in ascertaining the deficit as to which this carrier should be reimbursed under this section.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a contract with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated that its deficit in railway operating income for the period July 1, 1918, to February 29, 1920, inclusive, was \$123,562.09, whereas our examination of the accounts shows the correct amount for that period to be \$127,313.36. The operated mileage during both the federal control period and the test period was approximately 95.3 miles.

We find a net credit of \$127,313.36 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$100,000 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. We are duly authorized by the court to certify amounts due the carrier under section 204 for payment to W. H. Ogborn, as receiver, or to W. C. Ramsay, his official representative. The receiver has expressed his willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued in the net amount of \$27,313.36.

Certificate No. B-49 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission hereinafter termed the Commission hereby certifies that the Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), hereinafter termed the carrier, is a corporation of the state of Ohio, and is a carrier as defined in section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the federal control period during which it operated its own railroad or system of transportation and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver) is \$127,313.36.

2. The Commission also certifies that the amount due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness is \$100,000; and that the amount payable under said section 204 to the carrier, after deducting said amount due from the carrier to the President, is \$27,313.36.

Dated this 20th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 131.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
DEERING SOUTHWESTERN RAILWAY UNDER SEC-
TION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided May 20, 1921.

1. The Deering Southwestern Railway is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Deering Southwestern Railway under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$40,221.64, from which no amount is deductible as due from said Deering Southwestern Railway to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

T. J. Maloney for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Deering Southwestern Railway, a corporation of the state of Missouri, hereinafter termed the carrier, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Caruthersville and Hornersville, Mo., a distance of approximately 32 miles, its lines connecting at Caruthersville and Blazer, Mo., with the St. Louis-San Francisco Railway and at Hornersville, with the St. Louis Southwestern Railway, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 22, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 23, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period June 23, 1918, to February 29, 1920, inclusive, of \$63,625.86, whereas our examination of the accounts shows the correct amount for that period to be

\$64,512.70. The operated mileage during both the federal control and the test period was approximately 32 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$24,291.06 of the maintenance charge.

We find a net credit of \$40,221.64 due the carrier under section 204 in reimbursement of deficits during federal control, from which no amount is deductible as due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-48 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Deering Southwestern Railway, hereinafter termed the carrier, is a corporation of the state of Missouri, and is a carrier as defined under section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraph (f) and (g) of said section 204 the amount payable to the Deering Southwestern Railway is \$40,221.64.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness.

Dated this 20th day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1284.

IN THE MATTER OF THE APPLICATION OF THE BUFFALO, ROCHESTER & PITTSBURGH RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE CONSOLIDATED-MORTGAGE BONDS.

Submitted May 13, 1921. Decided May 20, 1921.

Authority granted (1) to issue \$3,949,000 of consolidated-mortgage bonds, and (2) to pledge and repledge, from time to time, until otherwise ordered, all or part of said bonds as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

Havens, Mann, Strang & Whipple for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Buffalo, Rochester & Pittsburgh Railway Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act (1) to issue \$3,949,000 of its consolidated-mortgage bonds, and (2) to pledge said bonds, from time to time, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without our authorization having first been obtained. No objection has been made to the granting of the application.

The consolidated mortgage, dated May 1, 1907, made by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York) authorizes an issue of bonds not to exceed \$35,000,000, to bear interest at a rate not to exceed 4½ per cent per annum, and to mature May 1, 1957. Article first, section 3, of the mortgage reserves \$18,145,000 of bonds for refunding certain underlying mortgage and equipment bonds, and other purposes. Of these bonds, \$6,122,000 have been heretofore issued. Section 4 of the same article reserves \$13,855,000 of bonds for the reimbursement of moneys advanced or expended by the railway company for certain purposes, including additions and betterments to road and equipment, of which \$9,088,000 have been issued.

It is proposed to issue the bonds for which authority is sought under these provisions of the mortgage, in respect of the following:

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For refunding Rochester & Pittsburgh Railroad Company 6 per cent first-mortgage bonds, which matured February 1, 1921-----	\$1,300,000
For refunding series-F equipment bonds, which matured August 1, 1920 (on basis of 50 per cent)-----	90,000
For refunding series-E equipment bonds, which matured March 1, 1921 (on basis of 50 per cent)-----	59,000
For refunding series-C equipment bonds, which matured May 1, 1921--	1,000,000
For additions and betterments made since January 1, 1916 (on basis of maximum of \$1,500,000 in any calendar year)-----	1,500,000
Total-----	3,949,000

The applicant does not desire to sell the bonds at present, but seeks authority to pledge them as collateral security for short-term loans.

We find that the proposed issue of bonds and the pledge thereof as aforesaid (a) are for a lawful object within the corporate purposes of the applicant and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Buffalo, Rochester & Pittsburgh Railway Company be, and it is hereby, authorized (1) to issue, for the purpose of reimbursing its treasury for expenditures made in respect to additions and betterments to road and equipment, and for refunding certain mortgage and equipment bonds, \$3,949,000 of its consolidated-mortgage bonds under and pursuant to, and to be secured by, the consolidated mortgage dated May 1, 1907, made by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee; said bonds to mature May 1, 1957, and to bear interest at the rate of 4½ per cent per annum, payable semiannually on the 1st day of May and of November in each year; and (2) to pledge and repledge, from time to time, until otherwise ordered, all or any part of said bonds as collateral security for any note or notes which may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without the authorization of this Commission therefor having first been obtained, said

pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge to each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with us certificates of notification to that effect; and within 10 days after the release of said bands from such pledge, shall report to us all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1389.

IN THE MATTER OF THE APPLICATION OF THE LAKE ERIE, FRANKLIN & CLARION RAILROAD COMPANY FOR AUTHORITY TO ISSUE A NOTE AND TO ASSUME LIABILITY FOR EQUIPMENT-TRUST CERTIFICATES.

Submitted April 28, 1921. Decided May 20, 1921.

1. Authority granted to issue to the Lamberton National Bank at par and for cash on or after May 1, 1921, and under date of issue, a 90-day promissory note in the face amount of \$25,000, payable to the order of Charles Miller, and indorsed by him and bearing interest at the rate of 6 per cent per annum, the proceeds thereof to be used in procuring a locomotive and in reduction of existing indebtedness.
2. Authority granted to assume obligation and liability in respect of \$25,000 of preferred certificates to be pledged with the Secretary of the Treasury as security for a loan of that amount to be made to the applicant under section 210 of the transportation act, 1920, as amended, to aid it in procuring the locomotive, and a deferred certificate in the principal amount of \$20,075 to be pledged with the Lamberton National Bank as security for said note (a) by entering into an equipment-trust agreement under which the certificates will be issued nominally by that bank as trustee, and thereby agreeing to guarantee payment of the principal of the certificates and of dividends thereon at the rate of 6 per cent per annum; (b) by indorsing upon each certificate a guaranty of such payment; and (c) by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends.

J. S. Carmichael for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lake Erie, Franklin & Clarion Railroad Company seeks authority under section 20a of the interstate commerce act to issue a note for \$25,000 and to assume obligation and liability in respect to \$45,075 of certificates, to be issued nominally under a proposed equipment-trust agreement, by entering into that agreement and into a lease with the trustee thereunder, covering the trust equipment, and by indorsing upon each certificate its guaranty of the payment of the principal thereof and dividends thereon. Unexecuted copies of the proposed agreement, containing forms of the certificates and dividend warrants and of the proposed lease, were submitted with the application.

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The applicant is a common carrier by railroad engaged in interstate commerce. Due notice of the filing of the application was given. No objection to the granting of the application has been offered by any authority of any state in which the applicant operates.

In order that it may properly care for the traffic moving over its lines, the applicant desires to procure one steam locomotive, No. 98, type 2-8-0. The Baldwin Locomotive Works has agreed to furnish this locomotive for \$45,075. We have heretofore approved a loan of \$25,000 from the United States to the applicant under section 210 of the transportation act, 1920, as amended, for the purpose of aiding it in procuring this locomotive.

The applicant proposes to issue at par and for cash to the Lamberton National Bank a 90-day promissory note for \$25,000, payable, with interest at the rate of 6 per cent per annum, to the order of the applicant's president, and indorsed by him. The proceeds thereof are to be applied as follows: \$20,075 in part payment for the locomotive, approximately \$1,500 for freight charges thereon and other miscellaneous expenses in connection with the procurement thereof and the creation and execution of the trust hereinafter mentioned, and the balance in reduction of the applicant's present indebtedness to its president. This note and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

It is proposed that the Baldwin Locomotive Works, termed the vendor, the Lamberton National Bank, termed the trustee, and the applicant enter into an agreement under date of March 31, 1921, creating a trust and under which the vendor, upon payment to it of \$45,075 by the trustee, will transfer and deliver the locomotive to the trustee in trust for the benefit of the holders of certificates to be issued in accordance with the terms of the agreement. It seems that the moneys to be loaned to the applicant by the United States, and \$20,075 of the proceeds of the note, will be turned over by the applicant to the trustee to enable it to make this payment.

Simultaneously with the execution of the agreement, the trustee and the applicant will enter into a lease under which the applicant will have the use and possession of the locomotive, and whereby it will agree to pay to the trustee rent therefor sufficient to pay and discharge the principal of the certificates and dividends thereon, as and when the same shall become due and payable, and certain taxes and other customary charges. Title to the locomotive will remain in the trustee until all rent shall have been paid in conformity with the terms of the lease, whereupon such title will vest in the applicant.

The agreement provides that the aggregate principal amount of certificates which may be issued thereunder shall not exceed \$45,075.

It provides for the issuance of 20 preferred certificates numbered 1 to 20, inclusive, each of which will represent an interest to the amount of \$1,250 in the trust, and of one deferred certificate numbered 21, which will represent an interest therein to the amount of \$20,075. The preferred certificates will be first liens and charges on the trust equipment and funds, and will mature serially and semiannually beginning with November 1, 1921, and ending May 1, 1931. The deferred certificate will be a second lien and charge on the trust equipment and funds and will mature November 1, 1931. Attached to each certificate will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of 6 per cent per annum from May 1, 1921, payable semiannually on May 1 and November 1, to and including the designated date of maturity. The applicant will agree to guarantee the payment of the principal of the certificates and of the dividends thereon, and to indorse this guaranty upon the back of each certificate.

The certificates are to be issued nominally by the trustee. The preferred certificates are to be pledged with the Secretary of the Treasury as security for the loan above mentioned, and the deferred certificate with the Lamberton National Bank as security for said note.

We find that the proposed issue of said note by the applicant and the proposed assumption by it of obligation and liability in respect of said certificates (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Lake Erie, Franklin & Clarion Railroad Company be, and it is hereby, authorized to issue to the Lamberton National Bank (of Franklin, Pa.), at par and for cash, on or after May 1, 1921, and under date of issue a promissory note in the face amount of \$25,000 payable to the order of Charles Miller, and indorsed by him, and payable 90 days after its date with interest at the rate of 6 per cent per annum, the proceeds thereof to be used in procuring the locomotive described in the application, and otherwise, as stated in said report.

It is further ordered, That said note shall not be issued, sold, pledged, repledged, or otherwise disposed of, nor shall the proceeds thereof be used, except in the manner and for the purposes herein authorized.

It is further ordered, That the Lake Erie, Franklin & Clarion Railroad Company be, and it is hereby, authorized, for the purpose of enabling it to obtain funds with which to acquire possession of, the right to use, and ultimately title to, said locomotive, to assume obligation and liability in respect to \$25,000 of preferred certificates, series E, to be nominally issued and pledged with the Secretary of the Treasury as security for a loan of that amount to be made by the United States to the applicant under section 210 of the transportation act, 1920, as amended, to aid it in procuring said locomotive, and in respect to a deferred certificate, series E, in the principal amount of \$20,075 to be nominally issued and pledged with the Lamberton National Bank as security for said note, (a) by entering into an equipment-trust agreement with the Baldwin Locomotive Works, as vendor, and said bank as trustee, which will provide for the issuance of said certificates with attached dividend warrants by the trustee, and thereby agreeing to guarantee payment of the principal of such certificates and of dividends thereon at the rate of 6 per cent per annum; (b) by indorsing upon each of the certificates its guaranty of the payment of the principal thereof and the dividends thereon; and (c) by entering into a lease with the trustee covering the trust equipment and thereby agreeing to pay rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be in the respective forms submitted with the application, and said certificates and warrants in the respective forms set forth in said agreement; such agreement and lease to be dated March 31, 1921, and the certificates May 1, 1921; and said certificates to be in denominations and to mature, and the dividends thereon to become due and payable, as specified in said agreement; *provided however* that none of said certificates be issued, sold, pledged, repledged, or otherwise disposed of except in the manner and for the purposes herein authorized.

It is further ordered, That within 10 days after the execution and delivery of said agreement and said lease, there shall be filed with the Commission verified copies thereof in the respective forms in which they shall have been executed.

It is further ordered, That the applicant shall report to the Commission within 10 days thereafter all pertinent facts relating to the delivery of said locomotive, the issue of said note, the payment or satisfaction thereof, the nominal issue and pledge of said certificates, and the release thereof from pledge; and within 30 days after June

30, 1921, and after the close of each six months' period thereafter until all of said certificates shall have been released from pledge and retired, all pertinent facts relating to payment of the rentals prescribed by said lease, the amounts expended therefrom and the purpose of each said expenditure; and that each report hereby required shall be in writing, and signed and verified by an executive officer of the applicant having knowledge of the matters contained therein.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States, either as to said note or interest thereon, or as to said certificates or dividends thereon, or as to any assumption of obligation or liability in respect thereof by the applicant.

67 I. C. C.

FINANCE DOCKET No. 1221.

IN THE MATTER OF THE APPLICATION OF THE
ELECTRIC SHORT LINE RAILWAY COMPANY FOR AU-
THORITY TO SELL FIRST-MORTGAGE GOLD BONDS.

Submitted May 16, 1921. Decided May 23, 1921.

Authority granted to sell \$40,000 of first-mortgage 5 per cent 15-year gold bonds at par, the proceeds to be devoted to extension of applicant's line of railway.

A. H. David for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Electric Short Line Railway Company, a common carrier by railroad engaged in interstate commerce, applied for authority under section 20a of the interstate commerce act to issue \$15,000 of bonds and \$10,000 of stock for each additional mile of railroad which it proposed to construct. The application has been amended so that authority is now requested for the sale of \$40,000 of first-mortgage 5 per cent 15-year gold bonds now held in the applicant's treasury.

The applicant's present line of railroad, extending from Minneapolis to Hutchinson, Minn., a distance of about 56 miles, was completed and put in operation in the spring of 1916. Construction of an extension of approximately 52 miles westward from Hutchinson to Clara City, Minn., a point on the Great Northern Railway, was begun. During the war work on the extension was suspended; but, prior to May 28, 1920, about 4.5 miles of line had been graded, of which 1.5 miles had been ballasted and the rails laid. The total expenditures for this work amounted to about \$35,000. The proceeds of the bonds for the sale of which authority is now sought will be used in completing the 4.5 miles partially constructed. As this construction work was begun prior to the effective date of paragraph (18) of section 1 of the interstate commerce act, it is not necessary for the applicant to obtain a certificate of public convenience and necessity from us for the completion of the 4.5 miles of line.

Applicant's first 15-year 5 per cent mortgage, dated September 15, 1916, to the Minnesota Loan & Trust Company, of Minneapolis, Minn., trustee, a copy of which is filed with the application, authorized the

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issue of \$840,000 of 5 per cent bonds, payable July 1, 1931, and \$15,000 more for each additional mile of completed railway. Bonds to the amount of \$840,000 have heretofore been executed by the applicant, authenticated by the trustee, and delivered to the applicant. Of this amount of bonds \$800,000 were sold and are actually outstanding, and \$40,000 are retained in the applicant's treasury. The present holders of the outstanding bonds have agreed to purchase the retained bonds at par, and there will be no expense connected with the sale.

The line operated by the applicant from Minneapolis to Hutchinson has not been successful. Representation is made that the proposed extension when completed will serve territory now without railroad facilities. It is estimated that this extension will produce gross earnings of \$5,000 per mile, while the increased operating expense will be small and the profit derived from operation thereof can be applied to the expense of operating that portion of the line which is unprofitable by itself.

Applicant has not been successful in earning its fixed charges and has a large debit balance to profit and loss. It is not to be anticipated that this condition will change in the near future, but the proposed completion of a partly built extension may somewhat improve its financial situation.

We find that the proposed sale by the applicant of \$40,000 of its first-mortgage 5 per cent bonds (a) is for a lawful object within its corporate purposes and compatible with the public interest which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Electric Short Line Railway Company be, and it is hereby, authorized to sell \$40,000 of its first-mortgage 5 per cent 15-year gold bonds, issued under its first 15-year 5 per cent mortgage, dated September 15, 1916, which have been duly executed by the applicant, authenticated by the trustee under said mortgage and placed in the applicant's treasury; said bonds to be

sold to the present bondholders at par, and the proceeds used in the construction of the extension of applicant's line of railway.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until further ordered by this Commission.

It is further ordered, That applicant shall within 10 days thereafter report to the Commission all pertinent facts relating to the sale of said bonds, and for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such period, report the application of the proceeds therefrom, said periodical reports to be rendered until all the proceeds shall have been applied, each report to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1225.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE GENERAL-MORTGAGE BONDS AND FIRST AND REFUNDING MORTGAGE BONDS.

Submitted March 25, 1921. Decided May 23, 1921.

Authority granted (1) to issue \$1,000,000 of general-mortgage gold bonds and to deliver said bonds to the trustee under the applicant's first and refunding mortgage; and (2) to issue \$1,000,000 of first and refunding mortgage gold bonds and to pledge and repledge, from time to time, until otherwise ordered, all or part of said bonds as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Terms and conditions prescribed.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Chicago, Rock Island & Pacific Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue \$1,000,000 of its general-mortgage gold bonds and to deliver them to the corporate trustee under its first and refunding mortgage; and (2) to issue \$1,000,000 of its first and refunding mortgage gold bonds and to pledge and repledge all or part thereof, from time to time, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without our authorization having first been obtained. No objections have been offered to the granting of the application.

By the provisions of the applicant's general mortgage to the Central Trust Company of New York and George Sherman, trustees, under which the Bankers Trust Company and Frank N. B. Close are now successor trustees, the issue of \$100,000,000 of bonds is authorized. By section 4 of article I of this mortgage not exceeding \$1,000,000 of bonds may be certified and delivered to the applicant by the corporate trustee in any one calendar year in respect of permanent improvements, extensions, and additions to property, in-

cluding equipment, subject to the mortgage. It appears that to September 30, 1920, the applicant has expended for such purposes \$1,003,257.17. The authority now sought is for the issue of bonds in respect of \$1,000,000 of these expenditures, no bonds having heretofore been issued on account thereof.

The first and refunding gold-bond mortgage, dated April 1, 1904, made by the applicant to the Central Trust Company of New York (now known as the Central Union Trust Company of New York) and David R. Francis, trustees, authorizes bonds to be issued in the aggregate amount of \$163,000,000, in which there is included \$25,900,000 of bonds reserved for the purpose of exchanging, redeeming, purchasing, retiring, refunding, or paying bonds of the applicant issued under its general mortgage. Of the bonds so reserved there remains \$9,900,000 yet available for issue. The first and refunding mortgage requires the applicant, upon the issue of any bonds under its general mortgage, to cause them to be delivered to the trustees under the first and refunding mortgage and pledged thereunder. In exchange for the general-mortgage bonds so delivered and pledged, the applicant becomes entitled to have first and refunding bonds authenticated and delivered to it in a like principal amount.

The proposed general-mortgage bonds will be delivered to the trustees under the first and refunding mortgage, and the applicant will receive not exceeding a like amount of first and refunding bonds, which will be held in its treasury available for purposes of pledge, from time to time, as security for short-term notes.

We find that the proposed issue and pledging of bonds by the applicant as aforesaid (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, Rock Island & Pacific Railway Company be, and it is hereby, authorized to issue in reimbursement

of its treasury for capital expenditures made in respect of permanent improvements, extensions, and additions to property, including equipment, \$1,000,000 of general-mortgage gold bonds under and pursuant to, and to be secured by, the general gold-bond mortgage dated January 1, 1898, made by the applicant to the Central Trust Company of New York and George Sherman, trustees, (the Bankers Trust Company and Frank N. B. Close, successor trustees); said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually on the 1st day of January and of July in each year, and to mature January 1, 1988; said bonds to be delivered to the trustees under the applicant's first and refunding gold-bond mortgage and pledged thereunder as set forth in the application.

It is further ordered, That the Chicago, Rock Island & Pacific Railway Company be, and it is hereby, authorized (1) to issue in exchange for the \$1,000,000 of its general-mortgage gold bonds hereinbefore authorized to be issued and pledged, \$1,000,000 of first and refunding mortgage gold bonds, under and pursuant to, and to be secured by, the first and refunding gold-bond mortgage of April 1, 1904, made by it to the Central Trust Company of New York (now known as the Central Union Trust Company of New York) and David R. Francis, trustees; said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually on the 1st day of April and of October in each year, and to mature April 1, 1934; and (2) to pledge and repledge, from time to time, until otherwise ordered by this Commission all or any part of the \$1,000,000 of said bonds, as collateral security for any note or notes that may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without the authorization of this Commission having first been obtained; said pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized to be issued and pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by the Commission.

It is further ordered, That the applicant shall report to the Commission all pertinent facts relating to the issue and delivery of said general-mortgage gold bonds and of the issue of said first and refunding mortgage gold bonds, within 10 days thereafter, respectively; such reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of said first and refunding mortgage bonds

as herein authorized, shall file with the Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said general-mortgage gold bonds, or said first and refunding mortgage gold bonds, or interest thereon.

67 I. C. C.

FINANCE DOCKET No. 1272.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI-ILLINOIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE SECURITIES.

Submitted April 9, 1921. Decided May 23, 1921.

Authority granted (1) to issue at par for cash and in payment for certain property, \$1,500,000 of capital stock; and (2) to issue and sell at par \$300,000 of first-mortgage 7 per cent bonds.

Carter, Collins & Jones and Osborn, Fleming & Whittlesey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Missouri-Illinois Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, has duly applied for authority under section 20a of that act to issue \$1,500,000 of capital stock and \$300,000 of first-mortgage 7 per cent bonds. No objection has been made to the granting of the application.

By our certificate of public convenience and necessity, dated March 14, 1921, *Certificate of Missouri-Illinois R. R.*, 67 I. C. C., 283, the applicant was authorized to acquire and operate the railroad formerly owned and operated by the Illinois Southern Railway Company, consisting of 133.41 miles of main and branch lines. Because of default by the Illinois Southern Railway Company in the payment of interest on its first-mortgage bonds, foreclosure proceedings were instituted in the district courts of the United States for the northern district of Illinois, eastern division; for the eastern district of Illinois; and for the eastern district of Missouri, eastern division; and on September 17, 1918, a receiver of the property was appointed. On December 12, 1919, operation of the road was discontinued and has not since been resumed. As of May 27, 1920, a decree was entered in each suit ordering a sale of the mortgaged property, and on September 15, 1920, it was sold to a purchaser who subsequently contracted with the St. Joseph Lead Company, the Pittsburgh Plate Glass Company, the American Smelting & Refining Company, the Desloge Consolidated Lead Company, and the National Lead Company, to convey the property upon payment of \$900,000 to him by them, to

a corporation to be organized by them. Thereupon these companies caused the applicant to be incorporated under the laws of Missouri.

The authorized capital stock of the applicant is \$1,800,000, consisting of 18,000 shares of the par value of \$100 each. The nine incorporators of applicant subscribed for 1,400 shares, upon which \$8,520 has been paid; 16 shares being paid in full, and 5 per cent being paid on the subscription of the remaining 1,384 shares. The applicant proposes, upon acquiring the property and in full payment therefor, to issue the remainder of its stock, and to pay the \$8,520 so received from its incorporators to the above-mentioned companies, it being intended that the entire capital stock, with the exception of shares qualifying directors, shall be held by these companies.

As a result of discontinuance of operation, the property which the applicant will acquire has greatly deteriorated. It is estimated that an expenditure of \$300,000 will be necessary to place it in serviceable condition. To procure funds for this purpose, the applicant desires to issue \$300,000 of its first-mortgage bonds under a proposed first mortgage, to be executed as of February 15, 1921, to the First Trust & Savings Bank (of Chicago, Ill.) and W. Frank Carter, trustees. These bonds will be dated February 15, 1921, will mature February 15, 1931, and will bear interest at the rate of 7 per cent per annum, payable to bearer semiannually on February 15 and August 15. The bonds will be registrable as to principal. They have been subscribed for by and will be issued at par to certain industries and shippers in the territory to be served by the railroad.

Applicant's proposed capitalization of the property will be about 25 per cent of the capitalization of the former company, as shown by the following table:

	Former company.	Proposed.
Common stock	\$4, 000, 000	\$1, 800, 000
Preferred stock	1, 000, 000	-----
First-mortgage bonds	2, 018, 000	300, 000
Income bonds	1, 380, 000	-----
Equipment notes	5, 000	-----
Total	8, 403, 000	2, 100, 000
Decrease in capitalization		6, 303, 000

The receiver's balance sheet as of December 31, 1919, shows an investment of \$7,883,791.12 in road, and \$859,022.02 in equipment, making a total of \$8,742,813.14. The applicant has submitted an estimated reproduction cost of road of \$3,845,800, and of equipment \$760,200, or a total of \$4,606,000.

We find that the proposed issue of stock to the amount of \$1,500,000, and the proposed issue of bonds by the applicant (a)

are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Missouri-Illinois Railroad Company be, and it is hereby, authorized to issue at par, prior to July 1, 1921, for cash and in payment for the property and assets referred to in said report and formerly owned by the Illinois Southern Railway Company, its shares of capital stock not exceeding \$1,500,000 in amount; the certificates representing said stock to be substantially in the form submitted with the application.

It is further ordered, That the Missouri-Illinois Railroad Company be, and it is hereby, authorized to issue for cash, at not less than par and accrued interest, \$300,000 of first-mortgage gold bonds under and pursuant to, and to be secured by, its proposed first mortgage to the First Trust & Savings Bank (of Chicago, Ill.) and W. Frank Carter, trustees; said bonds to be substantially in the form submitted with the application, to bear interest at the rate of 7 per cent per annum, payable semiannually on February 15 and August 15, and to mature February 15, 1931; the proceeds of said bonds to be used solely for the rehabilitation of said property as mentioned in the report; *provided, however,* that none of said bonds shall be issued until applicant shall have had on file with this Commission, for at least 10 days, an authenticated copy of said mortgage as executed by it, and an affidavit of one of its executive officers to the effect that the applicant has actually acquired said property and assets.

It is further ordered, That none of said securities shall be issued, sold, pledged, repledged, or otherwise disposed of, and that none of the proceeds thereof shall be used, by the applicant in any manner or for any purpose except as herein authorized.

It is further ordered, That for the period ending August 31, 1921, and for each three months' period thereafter, until all of said securi-

ties shall have been issued and the proceeds disposed of, the applicant shall, within 15 days after the close of such period, report to the Commission all pertinent facts relating to (1) the issue of said securities; and (2) the application of the proceeds thereof; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said securities, or dividends or interest thereon.

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FINANCE DOCKET No. 1385.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND SELL BONDS.

Submitted May 13, 1921. Decided May 23, 1921.

Authority granted to issue and sell at not less than 85 per cent of par, and accrued interest, \$4,180,000 of first-mortgage gold bonds, due March 1, 1946.

Alexander R. Baldwin for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Western Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, by application dated April 5, 1921, seeks authority under section 20a of the interstate commerce act to issue and sell \$4,180,000 of its first-mortgage 5 per cent gold bonds, due March 1, 1946.

On April 25, 1921, a hearing was had upon this application, and no objection to the granting of the application has been offered by any authority of any state in which applicant operates, nor by any other party.

The applicant, a California corporation, has an authorized capital stock of \$27,500,000, par value, preferred, and \$47,500,000, par value, common, all of which is actually outstanding and, with the exception of qualifying shares held by the directors, is held by the Western Pacific Railroad Corporation, hereinafter referred to as the holding company. Applicant also has outstanding \$19,823,900 of its first-mortgage bonds.

The Mercantile Trust Company, of San Francisco, Calif., filed a verified answer to the application, setting forth that it is the owner and holder of certain bonds and stock-trust certificates of the Sacramento Northern Railroad, hereinafter referred to as the Sacramento company, and asking that we make no adjudication in our order herein as to the price, terms, conditions, advantages, disadvantages, or propriety of the purchase by the holding company, or the sale by the owners and holders thereof, of certain stocks and bonds of the Sacramento company, the principal facts with respect to which are as follows:

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All of the outstanding capital stock of the Sacramento company is held by the Union Trust Company of San Francisco, Calif., under a voting-trust agreement, pursuant to which certain trust certificates have been issued representing beneficial ownership in the various classes of stock of the Sacramento company. The holding company has agreed, subject to certain conditions, to purchase from the holders thereof \$1,653,343.89, par value, of trust certificates representing first preferred stock of the Sacramento company at \$27.50 per share, \$723,289.38, par value, of certificates representing second preferred stock at \$15 per share, and \$1,726,825.66, par value, of certificates representing common stock at \$6 per share, and will thereby acquire certificates representing the beneficial interest in more than 91 per cent of the outstanding capital stock of the Sacramento company. The holding company has also agreed with the holders of \$4,776,235.54 of first-mortgage 5 per cent 20-year gold bonds of the Sacramento company, of various classes, to exchange therefor first-mortgage 5 per cent bonds of the applicant on the basis of \$80, face value, of applicant's bonds, for \$100, face value, of bonds of the Sacramento company, and will thereby acquire in excess of 91 per cent of the bonds issued and outstanding under the Sacramento mortgage. The purchases, exchanges, and acquisitions so proposed are not in issue before us and we express no opinion with respect thereto.

Applicant, by agreement dated March 5, 1921, has agreed to issue whatever amount of bonds may be necessary to effect such exchange, and to sell them to the holding company at 85 per cent of their face value and accrued interest, subject, however, to the following conditions: (1) That the issue and sale be approved by the Interstate Commerce Commission and by the Railroad Commission of the state of California; and (2) that applicant may offer for competitive bidding all bonds covered by the agreement and sell them for the best bid in excess of 85 per cent, the holding company to have the right to participate in the bidding. The amount of applicant's bonds necessary to effect the exchange of all the outstanding bonds of the Sacramento company is approximately \$4,180,000, which is the amount for the issue of which authority is asked herein,

It appears that some of the officers and directors of the holding company are also officers or directors of the applicant. The testimony shows that applicant will comply with the provisions contained in our order of October 6, 1919, as amended October 4, 1920, *Regulations Relative to Bids of Carriers*, 56 I. C. C., 847, prescribing, among other things, regulations for the sale of securities by carriers subject to section 10 of the Clayton antitrust act. The holding company will submit its bid for the bonds in accordance with said regulations.

The proceeds of the bonds will be deposited subject to the order and control of the trustees under applicant's first mortgage, pursuant to the provisions contained in section 2 of article second thereof, and may be used by the applicant only for capital expenditures specifically authorized in that section. Applicant now has on deposit, subject to the order and control of the trustees, \$9,462,952, representing the remaining proceeds of bonds previously issued and the proceeds of mortgaged property sold and released. The total amount, after the proceeds of the proposed issue are deposited, will be \$13,015,952, assuming that the purchase price of the bonds is 85 per cent of their face amount.

Against this deposit will be charged in the near future various capital expenditures, either already incurred or in immediate contemplation, the items and estimated amounts of which are as follows:

Miscellaneous betterments to road and structures.....	\$535, 000
Capital expenditures made by the United States during federal control of applicant's lines.....	2, 089, 000
Equipment allocated to applicant during federal control.....	276, 000
Purchase of certain real property and tracks from the Ocean Shore Railroad	160, 000
Construction of Calpine branch.....	315, 000
Construction of Hutchinson branch.....	215, 000
Construction of San José branch.....	2, 100, 000
Equipment purchased and in process of delivery.....	2, 217, 000
Reimbursement for moneys expended for equipment during federal control	1, 117, 000
Retirement of outstanding equipment obligations.....	3, 000, 000
Total.....	12, 024, 000

The testimony shows, further, that applicant proposes as soon as possible, and probably within the next year, to purchase either the physical property of the Sacramento company, subject to the outstanding bonds, or all of the capital stock of a new company which will acquire such physical property subject to such bonds. In either case, the applicant proposes to purchase also such bonds of the Sacramento company as may be acquired by the holding company through the proposed exchange. Applicant estimates that the cost of acquiring such stock or physical property and such bonds would be \$4,323,000, assuming that all of the outstanding bonds of the Sacramento company were acquired. Applicant proposes, in the event of acquisition, to construct certain extensions to the property of the Sacramento Northern at an estimated cost of \$3,000,000. Both of these amounts would be payable out of the anticipated deposit of \$13,015,952. As the proposed expenditures are considerably in excess of the deposit, additional financing may be necessary, and applicant proposes to

apply to us within 60 days for authority to issue \$3,000,000 more of its first-mortgage bonds.

The Sacramento company operates lines of interurban electric railway in the vicinity of Sacramento, Calif., one of the points on the applicant's lines. The proposed acquisition thereof, or of the control thereof, by the applicant is, together with the construction of the Calpine, Hutchinson, and San José branches referred to above, part of a general program for developing the territory served by the applicant. The merits of such acquisition are not now in issue and we express no opinion upon that question.

The holding company is neither a carrier subject to the act, nor authorized under its charter to engage in transportation subject to the act.

It appears that the Railroad Commission of the state of California, by order dated April 9, 1921, has approved the proposed issue of bonds.

We find that the proposed issue and sale by the applicant of \$4,180,000 of its first-mortgage 5 per cent gold bonds (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Western Pacific Railroad Company be, and it is hereby authorized (1) to issue not exceeding \$4,180,000 of its first-mortgage gold bonds under and pursuant to the terms and conditions of section 2, article second, of applicant's first mortgage, dated June 26, 1916, to the First Federal Trust Company and Henry E. Cooper; such bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of March and of September in each year, and the principal thereof to be payable on the 1st day of March, 1946; and (2) to sell such bonds to the highest bidder at not less than 85 per cent of their face value, and accrued interest, the proceeds of the sale (excluding the amount thereof rep-

resenting the accrued interest) to be deposited subject to the order and control of the trustees under the applicant's first mortgage and expended solely for the purposes specified in section 2, article second, thereof, subject to our approval.

It is further ordered, That the applicant shall not expend any of the proceeds of said bonds for the purpose of acquiring the property of the Sacramento Northern Railroad or the control thereof, and shall not otherwise, directly or indirectly, acquire said property or the control thereof, or any of the bonds issued by such railroad, unless and until we either have approved such acquisition upon application duly made under paragraph (2) of section 5 of the interstate commerce act, or have otherwise ordered upon supplemental application made herein.

It is further ordered, That said bonds shall not be sold, pledged, repledged, used, or otherwise disposed of by the applicant in any manner or for any purpose, except as herein authorized.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to this Commission, within 30 days from the close of such period, all pertinent facts relating to (1) the issue and sale of the bonds; and (2) the application of the proceeds realized from such sale or sales, including the account or accounts charged; such reports to be signed and verified by an executive officer having knowledge of the facts,

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE ADDITIONS AND BETTERMENTS.

Approved May 25, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 75.

The Interstate Commerce Commission hereby amends its certificate No. 75, of March 1, 1921, for a loan of \$1,173,500 by the United States to the Seaboard Air Line Railway Company, under section 210 of the transportation act, 1920, as amended, by authorizing the pledge in lieu of and in substitution for the security in part for the loan consisting of \$200, par value, of Chatham Terminal Company stock, evidenced by certificate No. 12, for one share issued in the name of Mills B. Lane and duly assigned in blank, and certificate No. 13, for one share issued in the name of William Murphy and duly assigned in blank, the following described securities:

Two hundred dollars (\$200), par value, of said Chatham Terminal Company stock, evidenced by certificate No. 16, for one share issued in the name of J. R. Anderson and duly assigned in blank; and certificate No. 17 for one share issued in the name of H. W. Purvis and duly assigned in blank.

Done at Washington, D. C., this 25th day of May, 1921.

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FINANCE DOCKET No. 138.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
FORT SMITH, SUBIACO & ROCK ISLAND RAILROAD
COMPANY UNDER SECTION 204 OF THE TRANSPORTA-
TION ACT, 1920.

Submitted October 12, 1920. Decided May 26, 1921.

1. The Fort Smith, Subiaco & Rock Island Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Fort Smith, Subiaco & Rock Island Railroad Company under the provisions of paragraphs (f) and (g) of section 204, is ascertained to be \$8,166.45, from which there is deductible an amount of \$513.34 due from said Fort Smith, Subiaco & Rock Island Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

Charles H. Sommer for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Fort Smith, Subiaco & Rock Island Railroad Company, a corporation of the state of Arkansas, hereinafter termed the carrier, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Paris and Scranton, Ark., a distance of approximately 14.1 miles, its lines connecting at Paris with the Arkansas Central Railroad, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$8,476.57, whereas our examination of the accounts shows the correct amount for that period to be \$8,642.04. The oper-

ated mileage during both the federal control period and the test period was approximately 14.1 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$475.59 of the maintenance charge.

We find a net credit of \$8,166.45 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$513.34 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-52 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Fort Smith, Subiaco & Rock Island Railroad Company, hereinafter termed the carrier, is a corporation of the state of Arkansas, and is a carrier as defined under section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the Fort Smith, Subiaco & Rock Island Railroad Company is \$8,166.45.

2. The Commission also certifies that there is due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness, an amount of \$513.34.

Dated this 26th day of May, 1921.

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FINANCE DOCKET No. 1404.

IN THE MATTER OF THE APPLICATION OF THE
ALASKA ANTHRACITE RAILROAD COMPANY FOR AU-
THORITY TO ISSUE BONDS.

Submitted May 12, 1921. Decided May 26, 1921.

Authority granted to issue and sell at not less than 90 per cent of par, and accrued interest, \$1,500,000 of first-mortgage 6 per cent 20-year gold bonds, the proceeds thereof to be used to pay for construction and equipment and to discharge bonds and other indebtedness.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Alaska Anthracite Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, seeks authority under section 20a of the interstate commerce act to issue and sell \$1,500,000 of first-mortgage bonds.

No objection has been made to the granting of the application.

The applicant's railroad is to extend from a point on Controller Bay, Alaska, near the mouth of the Edwards River, northwardly to a point near the confluence of Marys Creek and Canyon Creek in the Bering River coal fields, with a branch from the main line to the Bering River, and another branch extending up the valleys of Stillwater and Trout creeks. The project also includes a 3-mile trestle approach across tidewater flats and shallow water to a dock to be erected in the bay for the accommodation of seagoing vessels. The main line, including the trestle approach, will be about 28 miles and the branch lines about 9 miles in length.

The construction of the line was begun in 1916, but in 1917, when about 22 miles of the road had been built, work was suspended because of war conditions. Applicant now proposes to resume construction work, and to complete and equip its railroad during the current open season.

The construction work mentioned was financed mainly from the sale at par of capital stock and of \$125,000 of mortgage bonds. From the proceeds of the proposed bond issue the applicant will retire its outstanding bonds and a floating indebtedness of \$10,000, complete the construction of its road, including the branch lines,

trestle approach, and dock, procure locomotives and cars, and provide working capital, as set forth in the application.

As security for the proposed bond issue, the applicant will execute as of January 1, 1921, a first mortgage upon all of its property, to the Bankers Trust Company (of New York), as trustee. The bonds will be dated January 1, 1921, mature 20 years thereafter, and bear interest at the rate of 6 per cent per annum payable semiannually on January 1 and July 1. Arrangements have been made for the sale of the bonds on such basis that the applicant will realize not less than 90 per cent net of par and accrued interest.

No other line of railway has been constructed through the territory which the applicant proposes to serve, and as large coal deposits will be reached, and the coal mined therefrom transported to tidewater by the proposed railroad, the applicant expects to be able to earn operating expenses, fixed charges, and a reasonable return upon its capital stock.

We find that the proposed issue and sale of bonds by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Alaska Anthracite Railroad Company be, and it is hereby, authorized (1) to issue \$1,500,000 of first-mortgage bonds under and pursuant to, and to be secured by, a first mortgage to be dated January 1, 1921, to be made to the Bankers Trust Company; and (2) to sell said bonds, for cash at not less than 90 per cent of par, and accrued interest; the bonds to be dated January 1, 1921, to mature January 1, 1941, to bear interest at the rate of 6 per cent per annum, payable semiannually; the proceeds thereof to be used solely for the purposes specified in the application.

It is further ordered, That the bonds shall not be issued and sold unless and until an authenticated copy of the mortgage, as executed, shall have been on file with this Commission at least 10 days.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of, nor

shall the proceeds thereof be used by the applicant, unless and until so ordered by this Commission.

It is further ordered, That for the period ending June 30, 1921, and for each six months' period thereafter, the applicant shall, within 30 days after the close of such period, report to the Commission all pertinent facts relating to (1) the issue and sale of said bonds, the proceeds realized therefrom, and (2) the application of the proceeds thereof, specifying the purposes for which such proceeds have been used and the account or accounts charged therewith; each report to be signed and verified by an executive officer of the applicant having knowledge of the facts; such reports to be so made periodically until all of the bonds shall have been issued and sold and the proceeds thereof applied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to the bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1118.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE DEVELOPMENT AND GENERAL MORTGAGE BONDS.

Approved May 27, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

It appearing, That the Southern Railway Company has withdrawn its application for a loan from the United States in the sum of \$3,825,000, under section 210 of the transportation act, 1920, as amended; and

It further appearing, That this Commission's certificate of said loan was canceled by amended certificate No. 65, dated May 16, 1921, in Finance Docket No. 1041:

It is ordered, That the order of this Commission herein dated December 31, 1920, so far as it authorizes the Southern Railway Company to pledge \$5,900,000, principal amount, of its development and general mortgage 4 per cent bonds, series A, with the Secretary of the Treasury as security in part for such loan, be, and it is hereby, vacated and set aside.

FINANCE DOCKET No. 1215.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY FOR EQUIPMENT-TRUST CERTIFICATES.

Submitted March 22, 1921. Decided May 27, 1921.

Authority granted to assume obligation or liability, to the extent of 68.64 per cent, in respect to \$840,000 of equipment-trust certificates heretofore issued under the Seaboard Air Line Railway Company equipment trust, series S, in connection with the procurement of 16 Mallet locomotives and tenders.

H. R. Preston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied for authority under section 20a of the interstate commerce act to assume obligation or liability, to the extent of 68.64 per cent thereof, in respect to \$900,000 of outstanding equipment-trust certificates heretofore issued under the Seaboard Air Line Railway Company equipment trust, series S. No objection has been made to the granting of the application.

By an indenture of lease dated December 1, 1917, the Seaboard Air Line leased from the Commercial Trust Company for a period of 10 years beginning July 1, 1916, 16 Mallet locomotives and 10 Santa Fe type locomotives. As rent and hire for the equipment, the Seaboard agreed to make half-yearly payments, aggregating \$1,200,000, during the period from June 1, 1918, to December 1, 1927, inclusive, and to pay sums of money computed in the manner of interest, with other sums equal to certain taxes and reasonable expenses connected with the trust, and a fixed amount of \$604,340 on the demand of the lessor on or after December 1, 1927. By another agreement, also dated December 1, 1917, between the same parties, there was established the Seaboard Air Line Railway Company equipment trust, series S, under which there were issued \$1,200,000 of equipment-trust certificates in the denomination of \$1,000 each,

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carrying 6 per cent annual dividends, \$60,000 thereof maturing at half-yearly periods beginning June 1, 1918, and ending December 1, 1927; and \$604,340 of deferred certificates which were subordinated as to the payment of principal and dividends to the equipment-trust certificates. The payment of the principal and dividends of the equipment-trust certificates was guaranteed by the Seaboard Air Line by its written indorsement. The Seaboard has made half-yearly payments of rent money aggregating \$300,000, which have been applied upon that amount of equipment-trust certificates. Certificates for \$60,000, which fell due on December 1, 1920, have been paid.

To enable it to perform service required of it, the applicant desires to purchase the leasehold interest of the Seaboard Air Line in the 16 Mallet locomotives with tenders, paying, among other things, to the Commercial Trust Company, lessor, as rental, amounts equal to 68.64 per cent of the remaining half-yearly payments and other amounts specified in the lease of December 1, 1917, excluding the deferred certificates, and assuming obligation or liability in respect to 68.64 per cent of equipment-trust certificates to which the half-yearly payments yet to be made are to be applied, leaving 31.36 per cent of those obligations to be cared for by the Seaboard Air Line, which is to retain the 10 Santa Fe locomotives with tenders. The half-yearly payments so to be made by the applicant will aggregate \$576,576, covering \$41,184 of each of the remaining 14 installments of rental under the aforesaid lease.

A cash payment by the applicant of \$561,920 was arrived at by agreement between the parties upon a flat price for the purchase. It is provided that this cash payment shall be employed in the payment or purchase and cancellation of \$414,818.98 of the deferred certificates, and in the releasing of the Mallet locomotives from any lien, claim, or charge under the remainder of the deferred certificates and under equipment certificates aggregating \$300,000 which have matured. It is also provided that the Mallet locomotives shall be released from the lien of mortgages of the Seaboard Air Line containing after acquired property clauses, as follows: First mortgage dated April 14, 1900; refunding mortgage dated October 1, 1909; adjustment mortgage dated October 1, 1909; and first and consolidated mortgage dated September 1, 1915. The consent of the lessor to the transfer of the leasehold as to the Mallet locomotives has been given.

In section 7 of the lease from the Commercial Trust Company, it is provided that when the Seaboard Air Line shall have fully paid all the rent and performed all the covenants, obligations, and agree-

ments therein contained, the equipment shall become the absolute property of the Seaboard, upon the payment of \$1 additional, an appropriate bill of sale being executed as evidence thereof. According to the agreement of September 25, 1920, the applicant will become the owner of the 16 Mallet locomotives on the termination of the lease and upon full performance of its obligations thereunder, and the payment of a nominal consideration as provided in section 7 of the lease.

Purchase of the leasehold interest by the applicant is to be accomplished in pursuance of the agreement between it and the Seaboard Air Line executed under date of September 25, 1920, subject to our approval or authorization. Provision is made therein for appropriate adjustments between the parties, in addition to the matters hereinbefore set forth. A copy of this agreement, as well as of the lease and equipment-trust agreement of December 1, 1917, is on file with the application.

We find that the proposed agreement of sale of leasehold interest, and the proposed assumption by the applicant of obligation or liability in respect to the aforesaid outstanding equipment-trust certificates (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the proposed agreement of sale of leasehold interest by the Seaboard Air Line Railway Company to the Baltimore & Ohio Railroad Company, in the form as executed under date of September 25, 1920, and filed with this Commission, be, and it is hereby, approved.

It is further ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to assume obligation or liability, to the extent of 68.64 per cent, in respect to \$840,000 of equipment-trust certificates dated December 1, 1917 (heretofore issued under the Seaboard Air Line Railway Company equipment trust, series S), in connection with the procurement of 16 Mallet

locomotives with tenders, pursuant to the written agreement dated September 25, 1920, between the applicant and the Seaboard Air Line Railway Company, as set forth in the application.

It is further ordered, That applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such period, report to the Commission all pertinent facts relating to the payment of the installments of rental; such reports to be signed and verified by an executive officer having knowledge of the facts, and to be made until all of the installments have been paid.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said equipment-trust certificates, or dividends thereon.

FINANCE DOCKET No. 1216.

IN THE MATTER OF THE APPLICATION OF THE DEATH
VALLEY RAILROAD COMPANY FOR AUTHORITY TO
ISSUE CAPITAL STOCK.

Submitted April 20, 1921. Decided May 27, 1921.

Authority granted to issue and sell at par \$34,900 of common capital stock, the proceeds thereof to be used to retire 90 first-mortgage bonds which matured March 1, 1921.

Frank F. Oster for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Death Valley Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue and sell at par to the Borax Consolidated, Limited, of London, England, hereinafter called the mining company, either (1) \$178,700 of common capital stock, from time to time, to retire all of its outstanding first-mortgage 5 per cent sterling sinking-fund bonds, as they become due and payable; (2) \$134,000 of stock, from time to time, to retire a proportionate number of such bonds; or (3) \$43,900 of stock to retire 90 of those bonds which matured on March 1, 1921. The applicant has amended the last alternative to ask for authority to issue \$34,900 of stock to retire the 90 bonds which matured on March 1, 1921. No objection has been made to the granting of the application.

The bonds were issued under a trust deed dated February 4, 1914, a copy of which was filed with the application, made by the applicant to the Mechanic's Trust Company of New Jersey. The trust deed provides for the retirement through a sinking fund of 90 bonds on March 1, 1921, of 100 on March 1, 1922, of 110 on March 1, 1923, and of the remainder on March 1, 1924. The applicant thereby agreed to pay to the trustee, on or before the several dates mentioned, sinking-fund installments sufficient to retire such bonds. It appears from the applicant's general balance sheet as of November 30, 1920, that its sinking fund amounts to but \$5.

It is unnecessary at this time to provide for the retirement of the bonds which will become due and payable on and after March 1, 1922. Therefore consideration of the application in its relation to those bonds will be deferred.

The applicant proposes to issue and sell stock to the mining company at par, to place the proceeds thereof in the sinking fund, and to retire through that fund the 90 bonds which matured March 1, 1921. The application, as amended, contemplates the retirement of these bonds at the rate of exchange prevailing on that date, \$3.87 per pound sterling.

The mining company now owns and holds, and ever since the organization of the applicant has owned and held, all of the applicant's outstanding bonds and stock, except qualifying shares of stock held by its directors. The applicant has an authorized capital stock of \$400,000, of which \$266,000 is outstanding and \$134,000 remains unissued. The issue of stock and retirement of bonds as proposed will not increase its capitalization and will reduce its fixed interest charges.

We find that the proposed issue and sale by the applicant of 349 shares of common capital stock as of March 1, 1921, in order to provide for the retirement of its bonds which matured on that date (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Death Valley Railroad Company be, and it is hereby, authorized to issue 349 shares of common capital stock of the par value of \$100, and to sell said stock for cash at not less than par as of March 1, 1921; the shares of stock so issued to be represented by certificates in the form submitted with the application.

It is further ordered, That the proceeds of said shares shall be placed in the sinking fund provided for by the deed of trust dated February 4, 1914, made by the applicant to the Mechanic's Trust

Company of New Jersey, and shall be used for the purpose of retiring, at the rate of exchange prevailing on March 1, 1921, namely, \$3.87 per pound sterling, and in compliance with the terms of said deed of trust, 90 bonds of the principal amount of 100 pounds sterling each, thereby secured, and which matured on that date; and that said bonds, when retired, shall be canceled.

It is further ordered, That none of said shares shall be issued, sold, pledged, repledged, or otherwise disposed of by the applicant, nor shall any of the proceeds thereof be used, in any manner or for any purpose, except as herein authorized.

It is further ordered, That the applicant shall report to this Commission within 10 days thereafter, all pertinent facts relating to (1) the issue and sale of said stock; (2) the application of the proceeds thereof showing the account or accounts charged; (3) the retirement and cancellation of said bonds; each report to be signed and verified by an executive officer having knowledge of the matters contained therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

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FINANCE DOCKET No. 1243.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO PLEDGE AND REPLEDGE BONDS.

Submitted May 14, 1921. Decided May 27, 1921.

Authority granted to pledge and repledge, from time to time, until otherwise ordered, all or part of \$7,229,000 of development and general mortgage 4 per cent gold bonds (now held in the applicant's treasury) as collateral security for any note or notes which may be issued under paragraph 9 of section 20a of the interstate commerce act.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Southern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to pledge and repledge, from time to time, \$7,229,000 of its development and general mortgage 4 per cent gold bonds as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph 9 of section 20a of that act without our authorization therefor having first been obtained. No objections have been made to the granting of the application.

By our order dated December 31, 1920, in *Southern Ry. Development and General Mortgage Bonds*, 65 I. C. C., 616, we authorized the applicant to issue \$5,900,000 of its development and general mortgage 4 per cent bonds, series A, and to pledge them with the Secretary of the Treasury as security in part for a loan of \$3,825,000 from the United States under section 210 of the transportation act, 1920, as amended. These bonds, together with the additional \$1,329,000 for the pledging of which authority is sought, are now held unencumbered in the applicant's treasury. Application for the above-mentioned loan has been withdrawn, however, and our certificate No. 65, in *Loan to Southern Ry.*, 65 I. C. C., 710; 67 I. C. C., 621, was canceled on May 16, 1921. The authority to pledge bonds with the Secretary of the Treasury will therefore be vacated.

The bonds proposed to be used for pledging purposes are payable on April 1, 1956, and are secured by the mortgage dated April 18,

1906, made by the applicant to the Standard Trust Company of New York, now the Guaranty Trust Company of New York.

We find that the proposed pledge and repledge of bonds by the applicant (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, until otherwise ordered by this Commission, the Southern Railway Company be, and it is hereby, authorized to pledge and repledge, from time to time, all or any part of \$7,229,000, principal amount, of its development and general mortgage 4 per cent gold bonds (now held in its treasury) as collateral security for any note or notes which may be issued by the applicant within the limitations of paragraph 9 of section 20a of the interstate commerce act without the authorization of this Commission therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with this Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall report to this Commission all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1275.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted May 16, 1921. Decided May 27, 1921.

Authority granted to issue \$1,052,600 of refunding and improvement mortgage bonds, series C, and use them in the acquisition of the entire capital stock of the Evansville, Indianapolis & Terre Haute Railway Company.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$1,052,600 of its refunding and improvement mortgage bonds, series C. No objection has been made to the granting of the application.

By the applicant's refunding and improvement mortgage of June 27, 1919, \$71,100,500 of bonds were reserved for issue, from time to time, for the purpose of purchasing, paying, or retiring before, at, or after maturity, certain prior-lien mortgage bonds which included general-mortgage bonds issued by the applicant under its general mortgage of May 15, 1893, and first consolidated mortgage bonds and general first mortgage bonds issued by the Cincinnati, Indianapolis, St. Louis & Chicago Railway Company, a predecessor of the applicant, under mortgages dated March 8, 1880, and August 2, 1886, respectively.

The applicant now proposes to issue bonds to reimburse the treasury and in place of bonds retired or now in its treasury, which were formerly issued under various mortgages, as follows:

General-mortgage bonds in the aggregate principal amount of \$327,600, which are dated May 15, 1893, and which fall due on June 1, 1993. These bonds were issued under the applicant's aforesaid mortgage of May 15, 1893, in respect of certain prior bonds retired through sinking-fund provisions.

General first mortgage bonds in the aggregate principal amount of \$158,000, issued by the Cincinnati, Indianapolis, St. Louis & Chicago Railway Company under its mortgage of August 2, 1886. The maturity date of these bonds was

August 1, 1936. They were taken up in 1919 and 1920 pursuant to the sinking-fund provisions of the mortgage under which they were issued.

First consolidated mortgage bonds in the aggregate principal amount of \$567,000, issued by the Cincinnati, Indianapolis, St. Louis & Chicago Railway Company under its mortgage of March 8, 1880, \$5,000 of which were retired in November, 1919, through the operation of sinking-fund provisions of the mortgage under which they were issued, and \$562,000 paid on May 1, 1920, the date of maturity, and canceled.

The refunding and improvement mortgage bonds, series C, proposed to be issued by the applicant in respect of the prior-lien bonds above described, will be dated January 1, 1921, will mature January 1, 1941, and bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and of July in each year. They or the proceeds thereof at 95 per cent of par will be used in the acquisition of the entire capital stock of the Evansville, Indianapolis & Terre Haute Railway Company, in pursuance of an option now held by the applicant under an agreement dated February 19, 1920, between it and the Evansville & Indianapolis Railroad Company bondholders' committee.

By our order dated April 29, 1921, in *State Control of E., I. & T. H. Ry. by C., C., C. & St. L. Ry.*, 67 I. C. C., 513, we have authorized the applicant to acquire control of the Evansville, Indianapolis & Terre Haute Railway Company by the purchase of its entire capital stock.

We find that the proposed issue of bonds by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

COMMISSIONER EASTMAN, dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized (1) to issue \$1,052,600 of its refunding and improvement mortgage bonds, series C, under and pursuant to, and to be secured by, its refunding and

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improvement mortgage dated June 27, 1919, made to the Guaranty Trust Company of New York and Frank L. Littleton; said bonds to be dated January 1, 1921, to mature January 1, 1941, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and of July in each year; and (2) to use said bonds at not less than 95 per cent of par in making payment to the Evansville & Indianapolis Railroad Company bondholders' committee for the entire capital stock of the Evansville, Indianapolis & Terre Haute Railway Company, amounting to 42,900 shares of the par value of \$100, under the terms and conditions specified in our order of April 29, 1921, in Finance Docket No. 1248.

It is further ordered, That, except as herein authorized to be used, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by applicant.

It is further ordered, That the applicant report to this Commission all pertinent facts relating to the issue and use of said bonds as herein authorized, within 10 days thereafter, such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1373.

IN THE MATTER OF THE APPLICATION OF THE EVANSVILLE, INDIANAPOLIS & TERRE HAUTE RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE FIRST-MORTGAGE BONDS.

Submitted March 29, 1921. Decided May 27, 1921.

Authority granted (1) to issue \$400,000 of its first-mortgage 7 per cent 80-year bonds, and (2) to pledge said bonds with the Secretary of the Treasury as collateral security for a loan from the United States.

John T. Beasley for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Evansville, Indianapolis & Terre Haute Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority, under section 20a of the interstate commerce act, (1) to issue \$400,000 of its first-mortgage bonds; and (2) to pledge them with the Secretary of the Treasury as collateral security for a loan under section 210 of the transportation act, 1920, as amended. No objection has been made to the granting of the application.

By our certificate No. 92, in *Loan to E., I. & T. H. Ry.*, 67 I. C. C., 540, we have approved the making of a loan of \$400,000 from the United States to the applicant, under section 210, for the purpose of aiding it in making certain additions and betterments to way and structures, estimated to cost \$800,000. The loan will be made in eight equal parts, each to be secured by the pledge of equivalent principal amounts of the bonds proposed to be issued. Each part of the loan is to be repaid in 10 years from the making thereof. All or any portion of the loan may be repaid before maturity, in which event bonds for like amounts will be released from pledge.

The first mortgage dated May 1, 1920, made by the applicant to the Farmers' Loan & Trust Company and Samuel D. Miller, authorizes bonds to be issued in the aggregate amount of \$2,500,000, of which \$1,000,000 are reserved for issue in respect of rebuilding or reconstructing the applicant's railroad, additions and betterments

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made thereto, and other purposes. None of the bonds so reserved have been issued.

The applicant proposes to have bonds authenticated and delivered to it, from time to time, in respect of expenditures made, and to be made, for additions and betterments to its property, and to pledge them with the Secretary of the Treasury as sufficient amounts become successively available for parts of the loan. The bonds are to be in the form described in our certificate, to bear interest at 7 per cent per annum, and to mature May 1, 1950.

We find that the proposed issue and pledge of bonds by the applicant (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Evansville, Indianapolis & Terre Haute Railway Company be, and it is hereby, authorized (1) to issue \$400,000, principal amount, of first-mortgage gold bonds under and pursuant to, and to be secured by, the first mortgage dated May 1, 1920, made by the applicant to the Farmers' Loan & Trust Company and Samuel D. Miller; said bonds to be in definitive coupon form, to bear interest at the rate of 7 per cent per annum, payable semi-annually on the 1st day of May and of November in each year, and to mature May 1, 1950; and (2) to pledge said bonds with the Secretary of the Treasury as collateral security for a loan from the United States in the sum of \$400,000, under section 210 of the transportation act, 1920, as amended, as specified in certificate No. 92, in Finance Docket No. 955.

It is further ordered, That, except as herein authorized to be issued and pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the Evansville, Indianapolis & Terre Haute Railway Company shall report to this Commission in writing

all pertinent facts relating to the issue, pledge, and release from pledge of said bonds; said reports to be made within 10 days after such issue, pledge, and release from pledge, respectively, and to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1392.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL VERMONT RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE REFUNDING-MORTGAGE BONDS.

Submitted May 9, 1921. Decided May 28, 1921.

Authority granted to issue \$100,000 of refunding-mortgage 5 per cent gold bonds; and to pledge and repledge, from time to time until otherwise ordered, all or part of said bonds as collateral security for any note or notes which may be issued under paragraph 9 of section 20a of the interstate commerce act.

John W. Redmond for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Central Vermont Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$100,000 of its refunding-mortgage 5 per cent gold bonds, and to pledge these bonds from time to time as collateral security for such note or notes as it may issue within the limitations prescribed by paragraph 9 of section 20a of the interstate commerce act without our authorization. Due notice of the filing of the application has been given and no objection to the granting thereof has been made.

The refunding mortgage, dated March 15, 1920, made by the applicant to the New York Trust Company, authorizes an issue of bonds not to exceed \$15,000,000. Of these bonds \$3,000,000 are reserved to pay and discharge accrued indebtedness of applicant to the Grand Trunk Railway Company and for other corporate purposes. In accordance with the authority contained in our order of December 15, 1920, in *Bonds of Central Vermont Ry.*, 65 I. C. C., 473, \$1,359,000 of the bonds so reserved have been issued, leaving \$1,641,000 yet available for use for other corporate purposes.

It appears that during the period from January 1, 1920, to January 31, 1921, the applicant expended \$112,917 for additions and betterments to road and equipment. In order to reimburse its treasury for these expenditures the applicant now seeks authority to issue

\$100,000 of its refunding-mortgage bonds, and to pledge them from time to time as collateral security for such short-term note or notes as it may lawfully issue without our authority.

We find that (1) the proposed issue by the applicant of \$100,000 of its refunding-mortgage 5 per cent gold bonds and (2) the proposed pledging of these bonds (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central Vermont Railway Company be, and it is hereby, authorized for the purpose of reimbursing its treasury for expenditures for additions and betterments to road and equipment (1) to issue \$100,000, principal amount, of its refunding-mortgage gold bonds; said bonds to be secured by its refunding mortgage, dated March 15, 1920, to the New York Trust company, to bear interest at the rate of 5 per cent per annum, payable semi-annually on the 1st day of May and of November in each year, and to mature May 1, 1930; and (2) until otherwise ordered, to pledge and repledge, from time to time, all or any part of the said bonds as collateral security for any note or notes which it may issue within the limitations of paragraph 9 of section 20a of the interstate commerce act without the authorization of this Commission therefor having first been obtained; said pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds, at their prevailing market price at the time of pledge, for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the issue of said bonds, shall report to this Commission all pertinent facts relating thereto.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with this Commission certificates of notification to that effect; and, within 10 days after the release of said bonds from such pledge, shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 222.

IN THE MATTER OF SETTLEMENT WITH THE SOUTH
MANCHESTER RAILROAD COMPANY UNDER SECTION
204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided May 31, 1921.

1. The South Manchester Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the South Manchester Railroad Company under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$16,353.02, from which no amount is deductible as due from said South Manchester Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

C. H. Cheney for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The South Manchester Railroad Company, a corporation of the state of Connecticut, hereinafter termed the carrier, is a steam railroad company which, during the federal-control period, engaged as a common carrier in general transportation, operating between Manchester and South Manchester, Conn., a distance of approximately 1.94 miles, its lines connecting at Manchester with the New York, New Haven & Hartford Railroad, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 25, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 26, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the Director General. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period June 26, 1918, to February 29, 1920, inclusive, of \$13,206.76, whereas our examination of the accounts shows the correct amount for that period to be \$16,353.02. The operated mileage during both the federal-control period and the test period was approximately 1.94 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we have fixed the maintenance allowance at the amount claimed by the carrier.

We find a net credit of \$16,353.02 due the carrier under section 204 in reimbursement of deficits during federal control, from which no amount is deductible as due from the carrier to the President as operator of the transportation systems under federal control on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-53 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the South Manchester Railroad Company, hereinafter termed the carrier, is a corporation of the state of Connecticut, and is a carrier as defined under section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the South Manchester Railroad Company is \$16,353.02.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

Dated this 31st day of May, 1921.

67 I. C. C.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted May 27, 1921. Decided May 31, 1921.

Authority granted to divert \$200,000 of proceeds of the loan certified in this proceeding under date of September 11, 1920, to a certain purpose, thereby reducing expenditures for other purposes in like amount.

S. Davies Warfield and Forney Johnston for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 22, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to enable the applicant to meet its maturing indebtedness and provide itself with additions and betterments. On June 19, July 6, and July 12, 1920, the applicant amended and supplemented the application.

On September 11, 1920, by our certificate No. 21, as amended and supplemented, we certified to the Secretary of the Treasury a loan of \$6,073,400 to be made to the applicant pursuant to its application for the purposes, among other things, of enabling it to provide itself with the following items of additions and betterments:

1. Ballast-decking, strengthening, and filling trestles.....	\$58, 750
2. Ballasting roadbed	75, 000
3. Rail renewals.....	228, 000
4. Dredging	27, 000
5. Shop machinery and facilities.....	53, 375
6. Cinder pit and fuel facilities.....	10, 000
7. Passing and yard tracks.....	27, 000
8. Minor betterments to existing equipment.....	60, 000
9. Additional work equipment.....	45, 000
10. Station facilities.....	23, 900
11. Industrial tracks.....	92, 101
12. Miscellaneous items.....	49, 874
Total	750, 000

67 I. C. C.

PARTIAL DIVERSION OF LOAN TO SEABOARD AIR LINE RY. 687

The applicant now orally requests that the sum of \$200,000 be transferred from items 2, 3, 5, 9, and 12 to item No. 1, ballast-decking, strengthening, and filling trestles, amounting to \$58,750, so that the total amount to be applied to this item shall be \$258,750.

After investigation we find that the transfer and appropriation of the sum of \$200,000 in the manner and for the purpose hereinabove set forth is necessary and compatible with the public interest, and that thereby the applicant will be enabled more properly to serve the transportation needs of the public.

Our certificate of September 15, 1920, will be amended accordingly.

*Amendment to Certificate No. 21, as Amended and Supplemented,
for a Loan under Section 210 of the Transportation Act, 1920, as
Amended.*

The Interstate Commerce Commission, hereby further amends its certificate No. 21 of September 15, 1920, as amended and supplemented, to the Secretary of the Treasury, approving the making of a loan of \$6,073,400 by the United States to the Seaboard Air Line Railway Company, hereinafter referred to as the applicant, by changing section (3) of subparagraph 5(e) to read as follows:

(3) The applicant shall furnish the Commission on January 1 and July 1, 1921, detailed certificates under oath of its chief engineer of additions and betterments made with or in connection with the loan, for substantially the following purposes and amounts:

Ballast-decking, strengthening, and filling trestles.....	\$258, 750
Dredging	27, 000
Cinder pit and fuel facilities.....	10, 000
Passing and yard tracks.....	27, 000
Minor betterments to existing equipment.....	60, 000
Station facilities	23, 900
Industrial tracks.....	92, 101
Ballasting roadbed, rail renewals, shop machinery and facilities, addi- tional work equipment, and miscellaneous items.....	251, 249
Total.....	750, 000

Done in Washington, D. C., this 3d day of November, 1921.

67 I. C. C.

FINANCE DOCKET No. 1394.

IN THE MATTER OF THE APPLICATION OF THE DETROIT, TOLEDO & Ironton RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS.

Submitted May 9, 1921. Decided May 31, 1921.

Authority granted to issue and sell at par \$182,000 of first-mortgage bonds.
Alfred Lucking for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Detroit, Toledo & Ironton Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority to issue and sell \$182,000 of its first-mortgage 50-year 5 per cent gold bonds at par. No objection has been offered to the granting of the application.

The first mortgage, dated March 5, 1914, made by the applicant to the New York Trust Company authorizes \$1,000,000 of bonds to be issued in respect of additions and betterments made to the applicant's line of railroad. It appears that between July 1, 1919, and July 1, 1920, the applicant expended \$182,845 for purposes thus prescribed by the mortgage. It is proposed that the bonds, for the issue of which authority is sought, be disposed of at par to principal holders of the applicant's stock and outstanding bonds, for the purpose of reimbursing its treasury for these expenditures for additions and betterments. The bonds are to bear interest at the rate of 5 per cent per annum and will mature March 1, 1964.

We find that the proposed issue of bonds by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Detroit, Toledo & Ironton Railroad Company be and it is hereby, authorized (1) to issue not exceeding \$182,000, principal amount, of its first-mortgage bonds; said bonds to be in coupon or registered form, to mature March 1, 1964, to bear interest at the rate of 5 per cent per annum, and to be secured by the mortgage dated March 5, 1914, made by the applicant to the New York Trust Company; and (2) to sell said bonds at not less than par and accrued interest, for the purpose of reimbursing its treasury for certain expenditures made for additions and betterments to its line of railroad, as set forth in the application.

It is further ordered, That except as herein authorized to be issued and sold, said bonds shall not be sold, pledged, replighted, or otherwise disposed of by the applicant, unless and until so authorized by this Commission.

It is further ordered, That the applicant shall report to this Commission within 10 days thereafter, all pertinent facts relating to the issue and sale of said bonds, respectively; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1397.

IN THE MATTER OF THE APPLICATION OF THE PERE MARQUETTE RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES AND TO PLEDGE AND REPLEDGE BONDS.

Submitted May 7, 1921. Decided May 31, 1921.

1. Authority granted to pledge and repledge from time to time, until otherwise ordered, all or part of \$3,231,000 of its first-mortgage 5 per cent series-A gold bonds of 1916 (now held in applicant's treasury) as collateral security for note or notes which may be issued under paragraph 9 of section 20a of the interstate commerce act.
2. Record insufficient to justify further authorization.

Frank H. Alfred for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pere Marquette Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue its note or notes from time to time for a sum not exceeding \$2,100,150; (2) to pledge as collateral security for the note or notes \$3,231,000 of its first-mortgage 5 per cent series-A gold bonds; and (3) to renew or extend said note or notes from time to time and to renew or extend the pledge of the bonds in connection therewith.

Upon the receipt of the application, copies thereof, together with notice of filing, were sent to the governors of the states in which the applicant operates. An answer has been filed by the Michigan Public Utilities Commission in which dismissal of the application is sought on the ground that this Commission is without jurisdiction in the premises. We are of opinion that we have jurisdiction.

The \$3,231,000 of bonds proposed to be used for pledging mature on July 1, 1956, and are now held in applicant's treasury, having been authenticated by the corporate trustee under the mortgage securing them, to reimburse the applicant for moneys expended out of income or from other moneys in its treasury for additions and betterments to its railroad property. The mortgage was given by the applicant to the Bankers Trust Company of New York and Hugh McK. Landon, trustees, under date of July 1, 1916, and

authorizes the authentication and delivery from time to time of bonds not exceeding \$75,000,000 outstanding at any one time.

The mortgage further provides that \$38,675,000 of bonds be reserved thereunder and authenticated and delivered from time to time to the applicant for various purposes, including the purpose for which these bonds were authenticated and delivered. There are \$21,976,000 series-A 5 per cent bonds and \$8,479,000 series-B 4 per cent bonds, issued under this mortgage, outstanding in the hands of the public.

In its present financial condition the applicant may not issue all of the \$2,100,150 of notes under the provisions of paragraph (9) of section 20a of the interstate commerce act. As no information has been furnished by the applicant as to the terms of the note or notes which may be issued only upon our authorization, disposition of this portion of the application can not be made on the present record.

We find that the proposed pledging of bonds by the applicant (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That until otherwise ordered by this Commission, the Pere Marquette Railway Company be, and it is hereby, authorized to pledge and repledge, from time to time, all or any part of \$3,231,000, principal amount, of its first-mortgage 5 per cent series-A gold bonds of 1916 (now held in its treasury) as collateral security for any note or notes which may be issued by said applicant within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this Commission therefore having been first obtained; said pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with this Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or note or interest thereon on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1095.

IN THE MATTER OF THE APPLICATION OF THE LONG ISLAND RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING-MORTGAGE BONDS IN EXCHANGE FOR UNIFIED-MORTGAGE BONDS.

FINANCE DOCKET No. 1414.

IN THE MATTER OF THE APPLICATION OF THE PENNSYLVANIA RAILROAD COMPANY FOR AUTHORITY TO GUARANTEE BONDS.

Submitted April 30, 1921. Decided June 1, 1921.

Authority granted (1) the Long Island Railroad Company to issue \$3,876,000 of refunding-mortgage 4 per cent gold bonds and to exchange them for a like amount of its unified-mortgage 4 per cent gold bonds, and (2) the Pennsylvania Railroad Company to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of said refunding-mortgage bonds.

Joseph F. Keany for the Long Island Railroad Company.

F. I. Gowen for the Pennsylvania Railroad Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Long Island Railroad Company, hereinafter called the Long Island company, has duly applied for authority under section 20a of the interstate commerce act to issue from time to time not to exceed \$3,876,000 of 4 per cent refunding-mortgage gold bonds and to exchange these bonds for a like amount of its outstanding unified-mortgage 4 per cent gold bonds. The Pennsylvania Railroad Company, which owns substantially all of the stock of the Long Island company, has duly applied for authority under the same section to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of the proposed issue of refunding-mortgage bonds. The applicants are common carriers by railroad engaged in interstate commerce. No objection has been made to the granting of the applications. As both relate to the same bonds, they will be disposed of in one report and order.

67 I. C. C.

The unified mortgage, dated March 1, 1899, made by the Long Island company, authorizes an issue of not to exceed \$45,000,000 of 50-year bonds. There are outstanding \$3,876,000 of these bonds bearing interest at 4 per cent per annum. By the Long Island company's refunding-mortgage of September 1, 1903, certain 4 per cent bonds, to mature March 1, 1949, are reserved for the purpose of retiring a like amount of unified-mortgage bonds. It is provided that as refunding-mortgage bonds are issued in exchange for unified-mortgage bonds the latter bonds shall be deposited with the trustee of the refunding mortgage, and when all unified-mortgage bonds have been so exchanged, they shall be canceled and the unified mortgage discharged and satisfied of record.

On November 12, 1917, the Pennsylvania Railroad Company entered into a supplemental agreement with the Equitable Trust Company of New York, the trustee under the refunding mortgage, whereby the railroad company agreed to guarantee the payment of the principal and interest of all bonds issued under that mortgage in exchange for, or to be sold to provide funds for the payment of, outstanding unified-mortgage bonds. In pursuance of this agreement this applicant seeks authority to assume obligation or liability as above mentioned in respect of the proposed issue of bonds.

We find that (1) the proposed issue by the Long Island company of \$3,876,000 of refunding-mortgage bonds and the exchange thereof for a like amount of unified-mortgage bonds, and (2) the assumption of obligation or liability by the Pennsylvania Railroad Company as guarantor by indorsement of the payment of principal of and interest on said refunding-mortgage bonds (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are appropriate for and consistent with the proper performance by both applicants of service to the public as common carriers, and which will not impair the ability of either to perform such service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in these proceedings having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Long Island Railroad Company be, and it is hereby, authorized (1) to issue \$3,876,000, principal amount, of 4

per cent refunding-mortgage gold bonds, under and pursuant to the refunding mortgage of September 1, 1903, made by it to the Equitable Trust Company of New York, said bonds to mature March 1, 1949; and (2) to exchange said bonds for a like amount of its outstanding unified-mortgage bonds: *Provided, however*, that said unified-mortgage bonds, when received, shall be deposited with the trustee of the refunding mortgage, and when all of said unified-mortgage bonds have been exchanged they shall be canceled and the unified mortgage discharged and satisfied of record, in accordance with the terms thereof.

It is further ordered, That the Pennsylvania Railroad Company be, and it is hereby, authorized to assume obligation or liability as guarantor by indorsement in respect of the payment of the principal of and interest on said refunding-mortgage bonds.

It is further ordered, That, except as herein authorized to be issued and exchanged, said refunding-mortgage bonds shall not be sold, pledged, repledged, or otherwise disposed of, unless and until so authorized by the future order of this Commission.

It is further ordered, That for the period ending June 30, 1921, and for each six months' period thereafter, the Long Island Railroad Company shall, within 30 days after the close of such period, report to this Commission all pertinent facts relating to (1) the issue and exchange of said refunding-mortgage bonds, and (2) the deposit of said unified-mortgage bonds with the trustee of the refunding mortgage, the final report also to include all pertinent facts relating to the cancellation of all unified-mortgage bonds, and the discharge and satisfaction of that mortgage; each of such reports to be signed and verified by one of its executive officers having knowledge of the facts.

It is further ordered, That for the period ending June 30, 1921, and for each six months' period thereafter, the Pennsylvania Railroad Company shall, within 30 days after the close of such period, report to this Commission all pertinent facts relating to the assumption of obligation or liability in respect of the payment of principal of and interest on said refunding-mortgage bonds hereinbefore authorized, said reports to be signed and verified by one of its executive officers having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said refunding-mortgage bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1380.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & WESTERN RAILWAY COMPANY FOR AUTHORITY TO SELL BONDS.

Submitted May 6, 1921. Decided June 1, 1921.

Authority granted to sell, at not less than par and accrued interest, \$269,000 of convertible 10-20-year 4 per cent gold bonds; \$1,213,000 of convertible 10-25-year 4½ per cent gold bonds; and \$522,000 of convertible 10-year 6 per cent gold bonds.

E. H. Alden for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Norfolk & Western Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to sell \$2,004,000, aggregate amount, of its convertible gold bonds as follows: \$269,000 of 4 per cent bonds; \$1,213,000 of 4½ per cent bonds; and \$522,000 of 6 per cent bonds. No objection to the granting of the application has been filed with us.

These bonds are the unsold remainders of three issues which were authorized for general corporate purposes prior to June 28, 1920, the effective date of section 20a, and they are secured by indentures given to the Guaranty Trust Company of New York, as trustee, as follows: (a) Indenture dated March 1, 1912, authorizing \$13,800,000 of convertible 10-20-year 4 per cent gold bonds, maturing September 1, 1932, of which issue \$269,000 remain in the applicant's treasury; (b) Indenture dated March 25, 1913, authorizing \$18,353,000 of convertible 10-25-year 4½ per cent gold bonds, maturing September 1, 1938, of which issue \$1,213,000 remain in the applicant's treasury; and (c) indenture dated January 25, 1919, authorizing \$17,945,000 of convertible 10-year 6 per cent gold bonds, maturing September 1, 1929, of which issue \$522,000 remain in the applicant's treasury.

The applicant asks authority to sell these remaining bonds for the purpose of reimbursing its treasury for capital expenditures shown to have been made during the calendar year 1919 on account of additions and betterments to road and equipment. It represents that its cash resources are low and that reimbursement of its treas-

ury for expenditures represented by the bonds which form the basis of this application is essential in order that it may meet current cash requirements and continue efficiently its service as a common carrier.

No arrangements for the sale of the bonds have been made. The applicant represents, however, that it does not propose to sell any of the bonds at less than par, and that any commission paid for such sale will not exceed 3 per cent.

We find that the proposed sale of bonds by the applicant (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Norfolk & Western Railway Company be, and it is hereby, authorized to sell, for the purpose of reimbursing its treasury for capital expenditures made for additions and betterments during the year 1919, \$2,004,000, aggregate principal amount, of bonds now in its treasury as follows: (a) \$269,000 of its convertible 10-20-year gold bonds secured by an indenture dated March 1, 1912, made by the applicant to the Guaranty Trust Company of New York, which bear interest at the rate of 4 per cent per annum, payable semiannually on the 1st day of March and of September in each year, and mature September 1, 1932; (b) \$1,213,000 of its convertible 10-25-year gold bonds secured by an indenture dated March 25, 1913, made by the applicant to the Guaranty Trust Company of New York, which bear interest at the rate of 4½ per cent per annum, payable semiannually on the 1st day of March and of September in each year, and mature September 1, 1938; and (c) \$522,000 of its 10-year 6 per cent gold bonds secured by an indenture dated January 25, 1919, made by the applicant to the Guaranty Trust Company of New York, which bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of March and of September in each year, and mature September 1, 1929; said bonds to be sold for not less than par and accrued interest, any commission paid in

connection with the sale of any of said bonds not to exceed 3 per cent of the principal amount of the bonds sold on a commission basis.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by applicant, until so ordered by this Commission.

It is further ordered, That the Norfolk & Western Railway Company shall report to this Commission in writing, within 10 days thereafter, all pertinent facts relating to the sale of said bonds, such reports to be signed and verified by one of its executive officers having knowledge of the facts:

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1274.

IN THE MATTER OF THE APPLICATION OF THE NORWOOD & ST. LAWRENCE RAILROAD COMPANY FOR AUTHORITY TO SELL OR EXCHANGE BONDS AND TO ISSUE NOTES.

Submitted April 18, 1921. Decided June 2, 1921.

1. Authority granted to sell, or issue in exchange for certain outstanding promissory notes, \$199,000 of first-mortgage 5 per cent gold bonds, on a basis of not less than 81 per cent of par and accrued interest, for the purpose of paying or otherwise satisfying certain existing liabilities incurred for construction and equipment.
2. Authority granted to issue promissory notes for an aggregate amount of \$16,969.50 in connection with the procurement of a locomotive.

Martin S. Decker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Norwood & St. Lawrence Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to sell, or issue in exchange for certain outstanding promissory notes, \$199,000 of its first-mortgage 5 per cent gold bonds; and (2) to issue promissory notes in the aggregate amount of \$16,969.50 in connection with the procurement of a locomotive. No objection has been made to the granting of the application.

The applicant's first mortgage, dated April 1, 1902, to the Trust Company of America (since succeeded by the Equitable Trust Company, of New York), trustee, authorized an issue of not to exceed \$300,000 of 5 per cent bonds to mature April 1, 1932. Bonds to the entire amount of \$300,000 have been heretofore authenticated by the trustee and delivered to the applicant. There have been sold and are actually outstanding \$101,000 of these bonds. Of the remaining \$199,000 of bonds, \$60,000 are held in applicant's treasury and \$139,000 are pledged as security for certain of its promissory notes. These notes, together with other promissory notes of the applicant, were issued in obtaining loans which were used in the construction and extension of, and in the acquisition of equipment for, its railroad,

and with the notes which the applicant now proposes to issue, make a total of \$163,180.50. The bonds, or the proceeds thereof, will be applied toward payment or satisfaction of these promissory notes. The applicant will obtain funds from other sources with which to pay the amount then remaining due on the notes.

The bonds will be sold or exchanged for outstanding promissory notes on such basis that the applicant will realize not less than 81 per cent of the par value thereof, and accrued interest.

By an agreement of lease, dated November 19, 1920, the applicant has procured a steam locomotive (class designation 8-32-D 805), bearing road number 209, from the Baldwin Locomotive Works. As rent for the locomotive, the applicant agreed to pay \$17,000 in cash and the sum of \$942.75 on January 19, 1921, and a like amount monthly thereafter to and including June 19, 1922. The promissory notes proposed to be given by the applicant covering these payments will be dated November 19, 1920, and payable to the order of the Baldwin Locomotive Works without interest.

To cover five payments that fell due from January 19 to May 19, 1921, the issue of demand promissory notes will be authorized. As to the payments yet to become due, authority will be granted to issue notes payable on the respective dates on which the payments shall so become due.

From and after delivery of the locomotive, the applicant will have possession of and the right to use it, but the title thereto will remain in the lessor. Upon performance by the applicant of all the stipulations of the lease, it has the option, at any time within one month after the maturity of the last installment of rent, to purchase the locomotive for \$1, whereupon the title will be conveyed to the applicant.

The proposed notes and the applicant's other outstanding notes of a maturity of two years, or less, will together aggregate more than 5 per cent of the par value of its outstanding securities.

The applicant owns and operates 18.02 miles of steam railroad, located wholly within the state of New York. Its balance sheet as of January 31, 1921, shows investment in road and equipment, less depreciation on the equipment, of \$641,664.85. Its capitalization, including the bonds now proposed to be sold, will be \$550,000, consisting of \$250,000 of stock and \$300,000 of bonds.

We find that the proposed sale or exchange of bonds and the proposed issue of promissory notes by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common

carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Norwood & St. Lawrence Railroad Company be, and it is hereby, authorized to sell, or issue in exchange for certain outstanding promissory notes, on a basis not less than 81 per cent of par, not exceeding \$199,000, principal amount, of first-mortgage gold bonds issued under and pursuant to, and secured by, its first mortgage dated April 1, 1902, to the Trust Company of America (since succeeded by the Equitable Trust Company, of New York), trustee; which bonds bear interest at the rate of 5 per cent per annum, payable semiannually on April 1 and October 1, in each year, and mature April 1, 1932, and which were authenticated by the trustee and delivered to the applicant prior to June 28, 1920; said bonds or the proceeds thereof to be used solely toward payment or satisfaction of the applicant's obligations, as set forth in the application.

It is further ordered, That the Norwood & St. Lawrence Railroad Company be, and it is hereby, authorized to issue under date of November 19, 1920, 18 promissory notes for \$942.75 each, and aggregating \$16,969.50, face amount, payable to the order of the Baldwin Locomotive Works without interest; 5 of said notes to be payable on demand and the remaining 13 notes to be payable in succession, that is, one each on the 19th day of each month beginning with June, 1921, and ending with June, 1922; said notes to be issued in connection with the procurement of one locomotive by the applicant, as set forth in the application.

It is further ordered, That, except as herein authorized, said bonds and said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That for the period ending December 31, 1920, and for each six months' period thereafter, within 30 days after the close of such period, the applicant shall report to this Commission all pertinent facts relating to (1) the sale of said bonds and the use of the proceeds thereof, or the issue of said bonds in exchange for promissory notes as herein authorized and (2) the issue of said 18

promissory notes as herein authorized, and their payment or satisfaction; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1432.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE MISSOURI, KANSAS & TEXAS RAILWAY COMPANY OF TEXAS FOR AUTHORITY TO ISSUE AND PLEDGE EQUIPMENT NOTES.

Submitted May 23, 1921. Decided June 2, 1921.

Authority granted to issue \$450,000 of receiver's equipment notes, and to pledge them with the Secretary of the Treasury as security for a loan from the United States. Terms and conditions prescribed.

Britton & Gray for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

C. E. Schaff, receiver of the Missouri, Kansas & Texas Railway Company of Texas, acting as a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue his equipment notes in the aggregate amount of \$450,000, and to pledge them with the Secretary of the Treasury as collateral security for a loan in a like amount from the United States under the provisions of section 210 of the transportation act, 1920, as amended. No objection to the granting of the application has been filed with us.

The applicant was appointed receiver of the Missouri, Kansas & Texas Railway Company of Texas, and of all its property and assets, by an order of the district court of the United States for the northern district of Texas, entered in consolidated cause in equity No. 2794/50, on September 27, 1915.

The applicant represents that in order properly to meet transportation requirements of the public it is essential that he procure 300 oil-tank cars. To obtain these cars he proposes to enter into an agreement of conditional sale and indenture of lease, to be dated June 15, 1920, with the American Car & Foundry Company and the Central Union Trust Company of New York, trustee, a tentative copy of which is on file in this proceeding, under which the car company is to sell and deliver to the trustee 300 fifty-ton tank cars, 10,000-gallon capacity, for \$902,169, the trustee in turn to lease the cars to the applicant. As rental for the cars the applicant is to pay \$452,169 in

cash and to issue \$450,000 of receiver's equipment notes. Upon payment in full of all of the equipment notes and the performance of all of the obligations and covenants contained in the agreement the title to the cars is to be conveyed to and vested in the receiver.

By our certificate in *Loan to Missouri, Kansas & Texas Ry. of Texas*, 67 I. C. C., 498, we have approved the making of a loan of \$450,000 from the United States to the applicant under section 210 of the transportation act, 1920, as amended, to aid him in obtaining the tank cars. This loan will be secured by the pledge with the Secretary of the Treasury of the \$450,000 of receiver's equipment notes above mentioned, which will be issued pursuant to an order of the district court of the United States for the northern district of Texas, dated May 9, 1921, in a cause therein pending and entitled *Central Trust Company of New York, trustee, plaintiff, v. The Missouri, Kansas & Texas Railway Company of Texas, defendant*.

The loan is to be repaid in 15 installments of \$30,000 each, payable in succession at yearly intervals beginning one year after the making of the loan. The receiver's equipment notes will be dated as of the date of the loan for which they are to be pledged as security. They will be in denomination of \$1,000 each, payable to bearer with interest at the rate of 6 per cent per annum, and will mature at the times and in the amounts fixed for the payment of the installments to be made in repayment of the loan. As these installments are paid, equipment notes for a like amount will be released from pledge.

We find that the proposed issue and pledge of receiver's equipment notes by the applicant (a) are for lawful objects within the duly authorized purposes of the receiver, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by him of service to the public as a common carrier, and which will not impair his ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That C. E. Schaff, receiver of the Missouri, Kansas & Texas Railway Company of Texas, be, and he is hereby, authorized (1) to issue in conformity with the order of the district court of the United States for the northern district of Texas, made in consolidated cause in equity No. 2794/50, dated May 9, 1921, and as authorized thereby, receiver's equipment notes in the aggregate principal

amount of \$450,000 to represent the deferred payments on the purchase price of 300 tank cars, said equipment notes to be dated as of the date of the making of the loan for which they are to be pledged as security, to be in the denomination of \$1,000 each, to be payable to bearer with interest at the rate of 6 per cent per annum, payable semi-annually, and to be numbered and mature as follows:

Notes.	Num-ber.	Period of ma-turity.	Notes.	Num-ber.	Period of ma-turity.
		<i>Years.</i>			<i>Years.</i>
Nos. 1 to 30.....	30	1	Nos. 241 to 270.....	30	9
Nos. 31 to 60.....	30	2	Nos. 271 to 300.....	30	10
Nos. 61 to 90.....	30	3	Nos. 301 to 330.....	30	11
Nos. 91 to 120.....	30	4	Nos. 331 to 360.....	30	12
Nos. 121 to 150.....	30	5	Nos. 361 to 390.....	30	13
Nos. 151 to 180.....	30	6	Nos. 391 to 420.....	30	14
Nos. 181 to 210.....	30	7	Nos. 421 to 450.....	30	15
Nos. 211 to 240.....	30	8			

Said equipment notes to be issued under and secured by the agreement of conditional sale and indenture of lease described in said report and to be in substantially the form prescribed in said agreement; and (2) to pledge said equipment notes with the Secretary of the Treasury as security for a loan from the United States in the sum of \$450,000 under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the applicant shall, within 10 days after the execution and delivery of said agreement of conditional sale and indenture of lease, file with this Commission a verified copy thereof in the form in which it shall have been executed.

It is further ordered, That, except as herein authorized to be issued and pledged, said equipment notes shall not be sold, pledged, re-pledged, or otherwise disposed of by said receiver or his successor in interest, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission all pertinent facts relating to (1) the issue of said receiver's equipment notes; (2) the pledge of said equipment notes as herein authorized; and (3) their release from pledge, within 10 days thereafter, respectively; said reports to be signed by the applicant and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 949.

IN THE MATTER OF THE APPLICATION OF THE CUMBERLAND & MANCHESTER RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Approved June 3, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 93.

The Interstate Commerce Commission hereby amends its certificate No. 93, of May 28, 1921, for a loan of \$375,000 by the United States to the Cumberland & Manchester Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by substituting in subparagraph (e) of paragraph 5 of said certificate No. 93 the following words:

and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security, and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe,

so that said subparagraph (e) of paragraph 5 will read as follows:

The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security, and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe, except as otherwise provided in exhibit A.

Done at Washington, D. C., this 3d day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 1395.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY FOR EQUIPMENT-TRUST NOTES.

Submitted May 28, 1921, Decided June 3, 1921

Authority granted to assume obligation or liability in respect of \$675,000 of equipment-trust 6 per cent gold notes heretofore issued by the Bethlehem Steel Company (under its equipment trust, series B), in connection with the procurement of 549 steel hopper cars.

George M. Shriver for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation or liability in respect of \$675,000 of outstanding equipment-trust gold notes heretofore issued under the Bethlehem Steel Company equipment trust, series B. No objection has been made to the granting of the application.

The Bethlehem Steel Company equipment trust, series B, was created by an agreement dated June 1, 1920, between the New England Fuel & Transportation Company, the Bethlehem Steel Company, and the Bankers Trust Company. Under this agreement 549 steel hopper railroad cars of 50-ton capacity each were sold by the fuel company to the Bankers Trust Company, which agreed to sell them to the steel company. The latter company agreed to purchase the cars, and to pay the Bankers Trust Company, as trustee, at the times and in the manner specified in the equipment-trust agreement, an amount equal to the aggregate of the principal and interest of \$750,000 of notes to be executed by the steel company, and also to pay all taxes and reasonable expenses connected with the trust. Coupon notes in the aggregate principal amount of \$750,000 were issued by the steel company. These notes mature serially in amounts of \$75,000 on the 1st day of June in each year beginning with 1921 and ending with 1930, and bear interest at the rate of 6 per cent per

annum, payable semiannually on the 1st day of December and of June in each year.

The eighteenth paragraph of the agreement provides that the steel company may sell and transfer all of its right, title, and interest under the agreement to and in the cars to the Baltimore & Ohio upon the latter assuming and agreeing to perform all the obligations of the former under the agreement and notes that may be outstanding. It is also provided in the equipment-trust agreement that the trustee thereunder shall transfer the title to the equipment by a bill of sale or other instrument to the steel company when it shall have made all payments required by the agreement and performed all the other covenants thereof.

The applicant proposes to acquire all the right, title, and interest of the steel company in and to the 549 hopper cars, and to assume all the obligations of the steel company under the aforesaid trust agreement in respect of \$675,000 of the notes which will mature serially in amounts of \$75,000 on the 1st day of June in the years 1922 to 1930, inclusive. A copy of the proposed agreement between the applicant and the steel company is filed with the application.

We find that the proposed assumption by the applicant of obligation or liability in respect of \$675,000 of outstanding equipment-trust gold notes as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to assume obligation or liability in respect of the payment of the principal and interest of \$675,000, aggregate face amount, of equipment-trust gold notes dated June 1, 1920 (heretofore issued by the Bethlehem Steel Company under an equipment trust, series B), maturing serially in amounts of \$75,000 on the 1st day of June in each year, beginning with 1922 and ending

with 1930, and bearing interest at the rate of 6 per cent per annum, payable semiannually on December 1 and June 1, to and including the designated date of maturity, in connection with the procurement of 549 steel hopper railroad cars, pursuant to a proposed agreement between the applicant and the Bethlehem Steel Company, as set forth in the application.

It is further ordered, That said proposed agreement for the sale and transfer of the right, title, and interest of the Bethlehem Steel Company in and to said 549 steel hopper railroad cars to the Baltimore & Ohio Railroad Company, by which the applicant will assume obligation or liability in respect of equipment-trust notes as aforesaid, be, and it is hereby, approved.

It is further ordered, That within 10 days after the execution of said agreement with the Bethlehem Steel Company, as hereinbefore approved, the applicant shall file with this Commission a verified copy thereof in the form in which executed.

It is further ordered, That for the period ending December 31, 1921, and for each year thereafter, within 30 days after the close of such periods, the applicant shall report to this Commission all pertinent facts relating to the payment of said equipment-trust notes, the interest thereon, and any and all other charges in connection therewith; and shall continue to make such reports until all of said notes have been paid or otherwise satisfied; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1402.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, TERRE HAUTE & SOUTHEASTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES AND TO PLEDGE BONDS.

Submitted April 18, 1921. Decided June 3, 1921.

1. Authority granted to issue 7 per cent promissory notes of various amounts and maturities in the aggregate amount of \$837,000, payable serially from October 1, 1921, to October 1, 1925, to refund the amount remaining unpaid of the applicant's 7 per cent demand notes now outstanding.
2. Authority granted to pledge as collateral security for said notes all or part of its first and refunding mortgage 5 per cent gold bonds in the aggregate amount of \$1,485,000.

W. F. Peter for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, Terre Haute & Southeastern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue 25 promissory notes, aggregating \$837,000, for the purpose of refunding certain loans for a like amount evidenced by the balance remaining unpaid upon its demand notes now outstanding, and (2) to pledge, as collateral security for these notes, its first and refunding mortgage 5 per cent gold bonds aggregating \$1,485,000. Due notice of the filing of the application has been given and no objection to the granting thereof has been made.

The proposed notes are to be issued to the holders of demand notes, and for the amounts and terms, respectively, as follows:

Holder.	Number of notes.	Maturity.	Amount of each note.
Continental & Commercial National Bank of Chicago, Ill.	5	One note each year, Oct. 1, 1921, to Oct. 1, 1925, inclusive.	\$36,600
First Trust & Savings Bank, Chicago, Ill.	5	.....do.....	62,800
Illinois Trust & Savings Bank, Chicago, Ill.	5	.....do.....	36,600
Harris Trust & Savings Bank, Chicago, Ill.	5	.....do.....	12,200
The Merchants' Loan & Trust Co., Chicago, Ill.	5	.....do.....	12,200

The outstanding demand notes are all dated February 3, 1915, excepting one note dated January 30, 1915. The holders have forborne to demand payment thereof but now desire to have the amount of these notes evidenced by new promissory notes. The original aggregate face amount of these notes, \$1,380,000, has been reduced by payments to \$837,000. Interest is being paid monthly, and there are no arrears of interest due. The entire proceeds of the now outstanding notes were used by the applicant for the purchase of new equipment and for the construction of additional main and other tracks and facilities. These expenditures of the applicant have not been refunded by the issue of any other securities.

There will be pledged as collateral security for the proposed promissory notes \$1,485,000 of the applicant's first and refunding mortgage 5 per cent gold bonds, payable December 1, 1960, which are now pledged as security for the now outstanding demand notes. These bonds are a part of an issue of \$20,000,000 authorized under date of December 1, 1910, to reimburse the applicant for money expended by it from its treasury, and not otherwise funded, for additions, betterments, and improvements, of which \$4,244,000 are outstanding in the hands of the public, and \$605,000 are held by the applicant in its treasury.

The issue of the proposed notes will not increase the applicant's liabilities nor will it increase the interest charges thereon. Each of the proposed notes will bear interest at the same rate as the applicant's now outstanding demand notes, to wit, 7 per cent per annum, payable on April 1 and October 1 of each year. Regardless of the applicant's financial condition or prospective ability to pay the proposed notes at their respective maturities, it appears that the substitution of notes having determined maturities for notes payable upon demand of the holders, will be of benefit to the applicant.

We find that the proposed issue of notes and the pledge of bonds by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclu-

sions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, Terre Haute & Southeastern Railway Company be, and it is hereby, authorized to issue 25 promissory notes in the aggregate amount of \$837,000 for the purpose of refunding loans evidenced by a like amount remaining unpaid upon its demand notes now outstanding; said notes to be substantially in the forms submitted with the application and to be issued to payees, and for amounts and terms, respectively, as set forth in the aforesaid report. Each of said notes is to bear interest at the rate of 7 per cent per annum, payable semiannually on April 1 and October 1 of each year.

It is further ordered, That the Chicago, Terre Haute & Southeastern Railway Company be, and it is hereby, authorized to pledge as collateral security for said promissory notes all or such part of the applicant's \$1,485,000 of first and refunding mortgage 5 per cent gold bonds, now pledged as collateral security for the said demand notes, as shall be in the ratio of not exceeding \$125 in value of bonds, at their prevailing market price at the time of pledge, for each \$100, face amount, of notes.

It is further ordered, That except as herein authorized, none of said notes or bonds shall be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this Commission all pertinent facts relating (1) to the issue of each of said notes, (2) to its payment or satisfaction, (3) to the pledge of any of said bonds as herein authorized, and (4) to the release from pledge of any bonds so pledged; each of said reports to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes or bonds, or as to the interest thereon, on the part of the United States.

FINANCE DOCKET No. 271.

IN THE MATTER OF SETTLEMENT WITH THE ANN
ARBOR RAILROAD COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted February 19, 1921. Decided June 4, 1921.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Ann Arbor Railroad Company ascertained to be \$315,261.85. An aggregate amount of \$240,000 having been certified for payment to that company as advances under paragraph (h) of said section, the amount to be certified in final settlement with said company is \$75,261.85. Certificate issued.

Joseph Goldbaum for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ann Arbor Railroad Company, hereinafter termed the carrier, is a steam railroad company which, during the guaranty period, engaged as a common carrier in general transportation in the states of Ohio and Michigan. The carrier's railroad was under federal control during the entire period of federal control from January 1, 1918, to February 29, 1920, inclusive, and the company is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 10, 1920, filed with us a written statement accepting the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, have been examined, and it has been ascertained that the debits and credits from the accounts called in the monthly reports to us "equipment rents" and "joint-facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period, we applied the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the United States and the carrier, so far as practicable. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income for either the test or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An

estimate of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as amended. As a result of our investigation, it is ascertained that the amount necessary to make good the guaranty to the carrier is \$315,261.85, as shown by the following statement:

	Deduction factors.	Net deductions.	Settlement factors.
<i>Basis of claim.</i>			
Net deficit in railway operating income for guaranty period.....			\$232, 742. 25
One-half amount of annual compensation under federal control act.....			261, 443. 75
Total amount claimed.....			494, 186. 00
<i>Adjustments.</i>			
Standard return for six months as claimed by carrier.....	\$261, 443. 75		
Standard return for six months as allowed by the Commission Deduction.....	254, 342. 77	\$7, 100. 98	
Amount claimed for maintenance of way and structures and for maintenance of equipment.....	1, 081, 973. 91		
Amount allowed for maintenance of way and structures and for maintenance of equipment.....	860, 743. 87		
Deduction.....		221, 225. 04	
Total deductions.....			223, 326. 02
Claim as reduced.....			265, 859. 98
Add allowance under section 4, federal control act.....			26, 631. 90
Add amount of unaudited accounts estimated and agreed to under section 212 (b) of the transportation act, 1920.....			22, 769. 97
Amount necessary to make good the guaranty.....			315, 261. 85

Certificates for advances to this carrier under paragraph (h) of section 209 have been issued by us on the dates and in the amounts specified as follows:

May 26, 1920.....	\$100, 000
Aug. 18, 1920.....	140, 000
Total advances certified.....	240, 000

The amount still due the carrier is therefore \$75,261.85, for which an appropriate certificate will be issued.

Certificate No. A-502 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the Commission, hereby certifies that the Ann Arbor Railroad Company, a corporation of the state of Michigan, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the Commission on or before March 15, 1920, a written statement that it accepted all of the provisions of said section 209.

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2. The Commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$315,261.85 is necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The Commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209 (h) an aggregate amount of \$240,000 under two certificates, as follows:

Certificate No. 35, May 26, 1920.....	\$100,000
Certificate No. 162, Aug. 18, 1920.....	140,000

4. The Commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, less the amount of advances previously certified under section 209 (h), is \$75,261.85.

Dated this 4th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 1426.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY
FOR AUTHORITY TO ISSUE LEASE WARRANTS.

Submitted May 23, 1921. Decided June 4, 1921.

Authority granted to issue six lease warrants for \$158,885.54 each, in connection with the procurement of certain passenger equipment.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Rock Island & Pacific Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue lease warrants for the aggregate amount of \$953,313.24 to cover deferred payments of rental for 30 steel coaches and 5 steel chair cars, which were leased to the applicant by an agreement between it and the Pullman Company, executed under date of September 20, 1920. No objection has been made to the granting of the application.

The total agreed value of the equipment so leased is \$1,128,840. As rental therefor the applicant is to pay 25 per cent of this amount in cash and the remaining \$846,630 in six equal payments at intervals of six months, beginning with November 2, 1921, and ending with May 2, 1924. To cover these deferred payments the applicant proposes to issue under date of May 2, 1921, six lease warrants in the form of promissory notes payable to the order of the Pullman Company on successive dates as the deferred payments of rental become due. The lease warrants will be in face amounts of \$158,885.54, aggregating \$953,313.24, and bear no interest except interest after maturity at the rate of 7 per cent per annum. The present worths of the proposed lease warrants for May 2, 1921, on the basis of 7 per cent per annum, compounded semiannually, amount to \$846,629.92.

When all the payments required by the agreement shall have been made and all other terms and conditions binding upon the applicant shall have been fulfilled the equipment will without further conveyance or transfer become the absolute property of the applicant.

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The applicant's report of operating expenses for the year ended December 31, 1920, shows that during that year it paid large sums for the hire of passenger equipment.

We find that the proposed issue of lease warrants by the applicant (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago Rock Island & Pacific Railway Company be, and it is hereby, authorized to issue under date of May 2, 1921, six lease warrants, each in the face amount of \$158,885.54, payable to the order of the Pullman Company at intervals of six months, successively, beginning with November 2, 1921, and ending with May 2, 1924; said lease warrants to be issued in pursuance of an agreement dated September 20, 1920, between the applicant and the Pullman Company, providing for the lease of certain passenger equipment to the applicant, as set forth in its application and said report.

It is further ordered, That the applicant shall report to this Commission all pertinent facts relating to the issue of said lease warrants within 10 days thereafter; and for the period ending December 31, 1921, and for each six months' period thereafter, until all of said lease warrants have been paid or otherwise satisfied, the applicant shall, within 30 days after the close of such periods, report to this Commission all pertinent facts relating to the payment or satisfaction thereof; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said lease warrants, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1424.

IN THE MATTER OF THE APPLICATION OF THE KANSAS CITY TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND SELL OR EXCHANGE NOTES AND TO PLEDGE BONDS.

Submitted May 19, 1921. Decided June 7, 1921.

Authority granted (1) to issue and sell at not less than 93½ per cent of par and accrued interest, or to exchange for maturing notes, \$2,000,000 of 10-year 6½ per cent secured gold notes; and (2) to pledge as collateral security for the proposed notes \$3,125,000 of first-mortgage 4 per cent gold bonds. Terms and conditions prescribed.

Samuel W. Sawyer for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kansas City Terminal Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue and sell, or exchange, \$2,000,000 of 10-year 6½ per cent secured gold notes, and to pledge \$3,125,000 of its first-mortgage gold bonds as security therefor. No objection has been made to the granting of the application.

The applicant has outstanding \$2,500,000 of 4½ per cent secured gold notes, which will mature July 1, 1921. As collateral security for these notes, the applicant pledged \$3,125,000 of its first-mortgage 4 per cent gold bonds, maturing January 1, 1960. To make provision for payment of part of these notes the applicant desires authority to issue \$2,000,000 of 10-year 6½ per cent secured gold notes under a proposed trust indenture, to be dated July 1, 1921, and made to the Continental & Commercial Trust & Savings Bank and Charles G. Hutcheson, as trustees, under which there will be pledged as collateral security the \$3,125,000 of bonds now pledged as security for the maturing notes. Provision is also made in the trust indenture for the redemption of the proposed notes, at the option of the applicant, upon the payment of the principal and accrued interest with a specified premium according to the date of redemption.

Arrangements have been made by the applicant with the Continental & Commercial Trust & Savings Bank and E. H. Rollins &

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Sons for the disposition of the proposed notes at 93½ per cent of par and accrued interest, with the understanding that \$1,000,000 of the proposed notes will be held in reserve by those parties for a short time to be used in exchange for maturing notes at the offering price of the new notes to the public, a commission of 1½ per cent of their par value to be paid by the applicant upon the new notes so exchanged, the cost to the applicant in no event to exceed 7½ per cent per annum on the proceeds of the entire issue.

We find that the proposed issue and sale or exchange of secured gold notes and the pledging of first-mortgage bonds by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Kansas City Terminal Railway Company be, and it is hereby, authorized (1) to issue under date of July 1, 1921, \$2,000,000, face amount, of its 10-year 6½ per cent secured gold notes under and pursuant to, and to be secured by, a proposed trust indenture to be dated July 1, 1921, from the applicant to the Continental & Commercial Trust & Savings Bank and Charles G. Hutcheson; said notes to bear interest at the rate of 6½ per cent per annum, payable semiannually on the 1st day of January and of July in each year, to mature July 1, 1931, and to be in the form set forth in the copy of the proposed trust indenture now on file in this proceeding; and (2) to sell said notes at not less than 93½ per cent of par and accrued interest, or to exchange the proposed notes for outstanding notes of the applicant which mature on July 1, 1921, as set forth in the application, the proceeds of such notes as shall be sold to be used solely for payment in part of the \$2,500,000 of 4½ per cent secured gold notes, which mature July 1, 1921: *Provided*, That the total cost to the applicant of the issue and sale or exchange of the proposed notes shall not exceed 7½ per cent per annum of the proceeds thereof, including in such cost the interest, discounts,

attorneys' fees, and all other expenses of sale or exchange in connection therewith.

It is further ordered, That upon their payment or exchange the notes maturing July 1, 1921, shall forthwith be canceled.

It is further ordered, That the Kansas City Terminal Railway Company be, and it is hereby, authorized to pledge as collateral security for the \$2,000,000, face amount, of 10-year 6½ per cent secured gold notes, the issue of which is hereinbefore authorized, \$3,125,000, principal amount, of its first-mortgage 4 per cent gold bonds, maturing in 1960, in accordance with said proposed trust indenture from the applicant to the Continental & Commercial Trust & Savings Bank and Charles G. Hutcheson.

It is further ordered, That within 10 days after the execution and delivery of said trust indenture the applicant shall file with this Commission a verified copy thereof in the form in which executed.

It is further ordered, That, except as herein authorized, said 10-year 6½ per cent secured gold notes and said first-mortgage gold bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until so authorized by this Commission.

It is further ordered, That within 10 days thereafter, respectively, the applicant shall report to this Commission all pertinent facts relating to (1) the issue and sale or exchange of notes as hereinbefore authorized; (2) the payment or satisfaction and cancellation of the maturing notes; and (3) the pledge and release from pledge of said bonds.

And, it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to the proposed notes, the maturing notes, or said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1431.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL RAILROAD COMPANY OF NEW JERSEY FOR AUTHORITY TO GUARANTEE BONDS.

Submitted May 17, 1921. Decided June 7, 1921.

Authority granted to assume obligation or liability as guarantor in respect of the payment of principal and interest of not exceeding \$4,987,000 of bonds of the American Dock & Improvement Company, the maturity date of which is to be extended.

Robert W. de Forest for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Central Railroad Company of New Jersey, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation or liability as guarantor in respect of the payment of principal and interest of \$4,987,000 of first-mortgage 5 per cent bonds, as extended, of the American Dock & Improvement Company, hereinafter termed the dock company.

Of the bonds issued under the mortgage dated July 1, 1921, made by the dock company to George F. Baker, John S. Kennedy, and Henry S. Little, \$4,987,000 are outstanding, and mature on July 1, 1921. The payment of the principal and interest of these bonds was guaranteed by the applicant. The dock company proposes to enter into contracts with the holders of these bonds extending the date of their maturity from July 1, 1921, to July 1, 1926, and increasing the rate of interest from 5 to 6 per cent per annum. Holders of bonds agreeing to the extension are to receive \$25 for each \$1,000 bond so extended.

The dock company contemplates making arrangements with Clark, Dodge & Company and White, Weld & Company to secure the extension of the bonds for a commission of 3 per cent on the principal amount of the bonds.

The applicant proposes unconditionally to guarantee to the holders of the respective bonds so extended the due and punctual payment of the principal thereof and interest thereon at the times and upon the terms and conditions specified in the extension contracts

and in the interest coupons annexed thereto. Its guaranty will be indorsed upon the extension contracts.

The applicant owns all of the stock of the dock company. The property covered by the mortgage under which the maturing bonds were issued was conveyed to it subsequent to the date of the mortgage. A considerable part of this property is now used by the applicant for railroad purposes.

We find that the proposed assumption by the applicant of obligation or liability as guarantor in respect of the payment of the principal and interest of the bonds which are to be extended as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That The Central Railroad Company of New Jersey be, and it is hereby, authorized to assume obligation or liability as guarantor by indorsement in respect of the payment of the principal and interest of not exceeding \$4,987,000, principal amount, of first-mortgage 5 per cent bonds of the American Dock & Improvement Company, the maturity date of which will be extended from July 1, 1921, to July 1, 1936, and the rate of interest increased from 5 to 6 per cent per annum, pursuant to proposed extension contracts with the holders of said bonds, as set forth in the application.

It is further ordered, That the applicant shall report to this Commission, within 10 days thereafter, all facts pertinent to the extension and guaranty of said bonds, such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 135.

IN THE MATTER OF SETTLEMENT WITH THE ELECTRIC SHORT LINE RAILWAY COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided June 9, 1921.

1. The Electric Short Line Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Electric Short Line Railway Company under the provisions of paragraphs (f) and (g) of section 204, less the amount of payment under certificate No. B-7, dated June 17, 1920, and No. B-41, dated April 25, 1921, is ascertained to be \$871.05, from which no amount is deductible as due from said Electric Short Line Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

E. D. Luce for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Electric Short Line Railway Company, a corporation of the state of Arizona, hereinafter termed the carrier, is a steam railroad company, which, during the federal control period, engaged as a common carrier in general transportation, operating between Minneapolis and Hutchinson, Minn., a distance of approximately 57.46 miles, its lines connecting at Minneapolis with the Great Northern Railway, Chicago, Burlington & Quincy Railroad, and the Chicago, Milwaukee & St. Paul Railway, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the Director General. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$43,004.64, whereas our examination of the accounts shows the correct amount for that period to be \$53,527.73. The aver-

age mileage of road operated was 57.46 miles during the federal control period, and 47.44 miles during the test period.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$5,948.43 of the maintenance charge.

We find a net credit of \$47,579.30 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$708.25 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness.

Under date of June 17, 1920, the Commission issued its certificate No. B-7 for a partial payment in the sum of \$36,708.25 to the carrier and certified that the amount due from the carrier to the President as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness, was \$708.25, and under date of April 25, 1921, the Commission issued its certificate No. B-41 for an additional partial payment to the carrier in the sum of \$10,000, and certified that there was no additional amount due to the President as operator of the transportation systems under federal control. The balance due the carrier under section 204 in reimbursement of deficits during federal control is ascertained to be \$871.05, from which no additional amount is deductible as due from said carrier to the President. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-56 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the Commission, hereby certifies that the Electric Short Line Railway Company, hereinafter termed the carrier, is a corporation of the state of Arizona and is a carrier as defined in section 204 of the transportation act, 1920. The Commission further certifies that the carrier sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of

said section 204 the whole amount payable to the Electric Short Line Railway Company is \$47,579.30.

2. The Commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness.

3. The Commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204, is \$871.05.

Dated this 9th day of June, 1921.

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FINANCE DOCKET No. 453.

IN THE MATTER OF SETTLEMENT WITH THE ELECTRIC SHORT LINE RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920

Submitted November 11, 1920. Decided June 9, 1921.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Electric Short Line Railway Company ascertained to be \$59,993.67. An aggregate amount of \$45,000 having been certified for payment to that company as advances under paragraph (h) of said section, the amount to be certified in final settlement with said company is \$14,993.67. Certificate issued.

E. D. Luce for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Electric Short Line Railway Company, hereinafter termed the carrier, is a steam railroad company which, during the guaranty period, engaged as a common carrier in general transportation in the state of Minnesota. The carrier's railroad was under federal control during the entire period of federal control from January 1, 1918, to February 29, 1920, inclusive, and the company is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 12, 1920, filed with us a written statement accepting the provisions of said section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, have been examined, and it has been ascertained that the debits and credits from the accounts called in the monthly reports to us "equipment rents" and "joint-facility rents" have been included and that there are included no debits or credits arising from the operation of street railways or interurbans not under federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period, we applied the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the United States and the carrier, so far as practicable. It has also been ascertained that there were not included any so-called war taxes in arriving at the net operating income for either the test or the guaranty period, and that there are

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GUARANTY SETTLEMENT WITH ELECTRIC SHORT LINE RY. 727

no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. Consideration was given to the matter of deferred debits and credits subject to estimate by us and agreement by the carrier under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as amended, and it was developed that there were no such items. As a result of our investigation, it is ascertained that the amount necessary to make good the guaranty to the carrier is \$59,993.67, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$111, 714. 08
One-half of annual amount of net railway operating deficit for the test period.....	983. 49

Total amount claimed.....	110, 730. 54
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Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment..	\$103, 120. 41
Amount allowed for maintenance of way and structures and for maintenance of equipment..	52, 383. 54
Deduction	50, 736. 87

Amount necessary to make good the guaranty.....	59, 993. 67
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Certificates for advances to this carrier under paragraph (h) of section 209 have been issued by us on the dates and for the amounts specified, as follows:

May 17, 1920.....	\$25, 000
June 19, 1920	20, 000
Total advances certified.....	45, 000

The amount still due the carrier is therefore \$14,993.67, for which an appropriate certificate will be issued.

Certificate No. A-510 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the Commission, hereby certifies that the Electric Short Line Railway Company, a corporation of the state of Arizona, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; that the carrier filed with the Commission, on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The Commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$59,993.67 is the amount

necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The Commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$45,000 under two certificates, as follows:

Certificate No. 8, May 17, 1920.....	\$25,000
Certificate No. 61, June 19, 1920.....	20,000

4. The Commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, less the amount of advances previously certified under section 209(h), is \$14,993.67.

5. The Commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 9th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 454.

IN THE MATTER OF SETTLEMENT WITH THE ELECTRIC
SHORT LINE TERMINAL COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted November 13, 1920. Decided June 9, 1921.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Electric Short Line Terminal Company ascertained to be \$3,158.06. Certificate issued.

E. D. Luce for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Electric Short Line Terminal Company, hereinafter termed the carrier, is a terminal railroad company which, during the guaranty period, engaged as a common carrier in general transportation in the state of Minnesota. The carrier's railroad was under federal control during the entire period of federal control from January 1, 1918, to February 29, 1920, inclusive, and the company is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 12, 1920, filed with us a written statement accepting the provisions of said section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, have been examined, and it has been ascertained that the debits and credits from the accounts called in the monthly reports to us "equipment rents" and "joint-facility rents" have been included and that there are included no debits or credits arising from the operation of street railways or interurbans not under federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period we applied the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the United States and the carrier, so far as practicable. It has also been ascertained that there were not included any so-called war taxes in arriving at the net operating income for either the test or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges or charges attributable to another period. Consideration was given to the matter of deferred debits and credits subject to estimate by us and agreement by the carrier under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as

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amended, and it was developed that there were no such items. As a result of our investigation it is ascertained that the amount necessary to make good the guaranty to the carrier is \$3,158.66, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period-----	\$12, 350. 02
One-half amount of annual compensation under federal control act-----	5, 077. 01
Total amount claimed-----	17, 427. 03

Adjustments:

Standard return for six months, as claimed by carrier-----	\$19, 185. 08
Standard return for six months, as allowed by the Commission-----	4, 916. 71
Deduction-----	14, 268. 37

Amount necessary to make good the guaranty----- 3, 158. 66

No certificates for advances under section 209(h) or for partial payments under section 209(g), as amended by section 212, have been issued by us in favor of this carrier.

There is, therefore, ascertained an amount due the carrier of \$3,158.66, for which an appropriate certificate will be issued.

Certificate No. A-509 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the Commission, hereby certifies that the Electric Short Line Terminal Company, a corporation of the state of Minnesota, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; that the carrier filed with the Commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The Commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$3,158.66 is necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

Dated this 9th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 23.

IN THE MATTER OF THE APPLICATION OF THE DETROIT & Ironton RAILROAD COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK AND TO ASSUME LIABILITY FOR SECURITIES.

Submitted May 5, 1921. Decided June 10, 1921.

Authority granted to issue and sell at par \$1,000,000 of capital stock, the proceeds thereof to be used in constructing a line of railroad pursuant to certificate of public convenience and necessity in *Public-Convenience Certificate to D. & I. R. R.*, 67 I. C. C., 600. Disposition of other matters deferred.

William Lucking and *Howell Van Auken* for applicant.

Sheridan F. Masters and *Clare Retan* for state of Michigan and Michigan Public Utilities Commission.

Alexander L. Strouse for certain minority stockholders of Detroit, Toledo & Ironton Railroad Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Detroit & Ironton Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, has duly applied for authority to issue \$1,000,000 of capital stock for the purpose of building a railroad, and to assume, as lessee of the properties of the Detroit, Toledo & Ironton Railroad Company, obligation or liability in respect of certain securities which have been issued by the latter company. This report will deal only with that part of the application relating to the issue of capital stock. All matters pertaining to the proposed assumption of obligation or liability by the applicant, as lessee, are reserved for further consideration.

Upon receipt of the application, a copy thereof was filed with the governors of Ohio and Michigan, the only states in which the applicant proposes to operate. The Michigan Public Utilities Commission filed an answer asking for dismissal of the application upon the ground that we are without jurisdiction. We are of opinion that we have jurisdiction.

Certain minority stockholders of the Detroit, Toledo & Ironton Railroad Company offered various objections at the hearing held on 67 I. C. C.

October 29, 1920, most of which were directed against the proposed lease. Their objections to the proposed stock issue are without merit.

No other objection has been made to the granting of the application.

By our certificate of public convenience and necessity, dated May 13, 1921, *Public-Convenience Certificate to D. & I. R. R., supra*, the applicant was authorized to construct and operate a standard-gauge steam railroad, approximately 15 miles long, extending southward from Springwells or Fordson, Mich, to a connection with the Detroit, Toledo & Ironton Railroad near Trenton or Flat Rock. The proceeds of the proposed capital stock, which is to be sold for cash at par, are to be used in the construction of this railroad.

We find that the proposed issue and sale of capital stock by the applicant (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing having been held in this proceeding, and full investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Detroit & Ironton Railroad Company be, and it is hereby, authorized to issue 10,000 shares of its capital stock of the par value of \$100, and to sell said stock for cash at not less than par, the proceeds thereof to be used in the construction of the railroad referred to in said report; the shares of stock so issued to be represented by certificates in the form submitted with the application.

It is further ordered, That said stock shall not be issued, sold, pledged, repledged, or otherwise disposed of by the applicant, nor shall the proceeds thereof be used in any manner or for any purpose except as herein authorized.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to this Commission, within 30 days from the close of such period, all pertinent facts relating (1) to the issue and sale of said stock and

(2) to the application of the proceeds thereof, and continue to file such reports until all of said stock shall have been issued and all proceeds thereof applied; such reports to be signed and verified by an executive officer having knowledge of the matters contained therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1387.

IN THE MATTER OF THE APPLICATION OF THE ATLANTIC PORT RAILWAY CORPORATION FOR AUTHORITY TO ISSUE CAPITAL STOCK.

Submitted May 11, 1921. Decided June 10, 1921.

Authority granted to issue not to exceed \$50,000, par value, of capital stock.

M. J. Stroock for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Atlantic Port Railway Corporation, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue at par \$50,000 of its capital stock to provide working capital. Due notice of the filing of the application has been given and no objection to the granting thereof has been offered.

The applicant's authorized capital stock is \$1,000,000, of which \$50,000 has been subscribed and paid for at par and in cash by its incorporators; but none of the stock has been issued. The applicant began operation in May, 1920, under a lease from the Submarine Boat Corporation of the Port Newark terminals, consisting principally of 20.57 miles of railroad located at Newark, N. J. Its balance sheet as of December 31, 1920, shows total current assets of \$106,535.66, including \$29,776.39 cash and \$44,307.56 materials and supplies. Its current liabilities are \$50,382.96. The applicant now proposes to issue \$50,000 of stock to its incorporators or their assigns.

We find that the proposed issue of capital stock by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

67 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Atlantic Port Railway Corporation be, and it is hereby, authorized to issue for cash and at par \$50,000, par value, of its capital stock, the proceeds thereof to be used solely as working capital, as set forth in the application; the certificates representing said stock to be in the form submitted with the application.

It is further ordered, That said stock shall not be issued, sold, pledged, repledged, or otherwise disposed of, nor shall the proceeds thereof be used by the applicant, except as herein authorized.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to this Commission, within 30 days after the close of such period, all pertinent facts relating (1) to the issue and sale of said stock and (2) to the application of the proceeds thereof, and shall continue to make such reports until all of said stock shall have been issued and all proceeds thereof applied; each report to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock or dividends thereon on the part of the United States.

FINANCE DOCKET No. 1396.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 2, 1921. Decided June 10, 1921.

Certificate issued authorizing the construction of a line of railroad in Brooke county, W. Va., and Washington county, Pa.

John S. Wendt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Pittsburgh & West Virginia Railway Company, a common carrier by railroad subject to the interstate commerce act, on April 14, 1921, filed its application under paragraphs (18) to (20), inclusive, of section 1 of that act, for a certificate of public convenience and necessity authorizing it to construct an industrial spur or branch line of railway extending from a point on its main line at or near Virginia station, in Cross Creek district, Brooke county, W. Va., in a northerly direction up the valley of Scott's Run to a point in Washington county, Pa., a distance of approximately 3.2 miles. No objections have been filed on behalf of either West Virginia or Pennsylvania.

The proposed branch will terminate in a tract of coal land estimated to contain 30,000,000 tons of coal which is not now accessible to any railroad.

The owner of this land has agreed to open a mine or mines at or near the terminus of the proposed line with a daily shipping capacity of 3,000 tons. The purpose of this construction is to provide transportation for this output. Other enterprises may be served later, but none are in immediate contemplation. A mining village or town will probably be built at the end of this branch and such materials and supplies as will be required for its construction and maintenance will be transported over the proposed line. A station will be built at its terminus. This is the only station which it is planned to establish. No facilities for the transportation of passengers are contemplated. The outbound rates for coal shipped over this branch will be the same as from the main line. Likewise

the inbound rates on classes and commodities will be fixed on the main-line basis except for short hauls, for which local distance rates will apply.

The estimated cost, exclusive of land, is \$381,752. The owner of the coal lands primarily to be served has agreed to provide the necessary rights of way and to pay to applicant \$100,000 when the branch is completed and ready for operation.

Upon the facts presented we find that the present and future public convenience and necessity require the construction and operation by the applicant of the branch line hereinbefore described. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed its report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction of the branch line of railroad described in said report;

It is ordered, That the Pittsburgh & West Virginia Railway Company be, and it is hereby, authorized to construct and operate said branch line of railroad: *Provided, however,* That the construction of such branch line of railroad shall be completed on or before December 31, 1922.

It is further ordered, That the Pittsburgh & West Virginia Railway Company, when filing schedules establishing rates and fares on said branch line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1443.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, TERRE HAUTE & SOUTHEASTERN RAILWAY COMPANY FOR AUTHORITY TO PLEDGE BONDS.

Submitted May 12, 1921. Decided June 10, 1921.

Authority granted to pledge all or part of \$180,000 of applicant's first and refunding mortgage 5 per cent gold bonds of 1960 (now held in its treasury) as collateral security for its \$100,000 demand note in favor of the First National Bank of Chicago.

W. F. Peter for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Terre Haute & Southeastern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to pledge \$180,000 of its first and refunding mortgage 5 per cent gold bonds of 1960 as collateral security for its 7 per cent demand note, dated September 17, 1920, in the amount of \$100,000 in favor of the First National Bank of Chicago; said note being covered by a certificate of notification filed September 29, 1920. Due notice of the filing of the application has been given and no objection to the granting thereof has been made.

The applicant states that the note dated September 17, 1920, was made for the purpose of providing funds to restore its working capital, which had been depleted by reason of extraordinary payments of back pay to its employees under the Labor Board's award for the months of May, June, and July, 1920; that at the time of its issue applicant expected to take up the note from net revenues accruing under the rate increases granted in Ex Parte 74, 58 I. C. C., 220; that assurance was given the payee that the note would be taken up within 30 to 60 days; that applicant's net revenues have not been, and are not now, sufficient to take up the note, and that the payee thereof now demands collateral security therefor.

The bonds proposed to be pledged are payable on December 1, 1960, and are now held in the applicant's treasury, having been duly authenticated by the trustee under the mortgage dated December 1, 1910, securing them, and delivered to the applicant prior to the

effective date of section 20a, in respect of expenditures for additions, betterments, and improvements to the lines of the applicant. The mortgage was given by the applicant to the Illinois Trust & Savings Bank and William H. Henkle, and authorized the issue of \$20,000,000 of bonds, of which bonds \$4,244,000 are outstanding in the hands of the public, \$605,000 are held by the applicant in its treasury, and \$1,485,000 are now pledged as collateral security for promissory demand notes.

We find that the proposed pledging of bonds by the applicant (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, Terre Haute & Southeastern Railway Company be, and it is hereby, authorized to pledge all or such part as may be required of \$180,000, principal amount, of its first and refunding mortgage 5 per cent gold bonds of 1960 (now held in its treasury) as collateral security for its 7 per cent demand note, dated September 17, 1920, for \$100,000 in favor of the First National Bank of Chicago.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge of its bonds as herein authorized, shall file with this Commission a certificate of notification to that effect; and, within 10 days after the release of the bonds from such pledge, shall also report all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or note, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 58.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE BONDS AND OTHER SECURITIES.

Approved June 13, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the Seaboard Air Line Railway Company be, and it is hereby, authorized (1) to assume obligation or liability, as indorser, in respect of a note or notes in the face amount of \$100,000 to be made by the Tampa Northern Railroad Company to the United States in accordance with the terms and conditions stated in certificate No. 86, *Loan to Tampa Northern R. R.*, 67 I. C. C., 475, for a loan under section 210 of the transportation act, 1920, as amended; and (2) to assume obligation or liability, as indorser, in respect of a note in the face amount of \$100,000 to be issued, as authorized by the order this day entered in *Note of Tampa Northern R. R.*, 67 I. C. C., 741, by the Tampa Northern Railroad Company, under date of February 24, 1921, payable 90 days after date to the Bankers Trust Company, of New York, or order, with interest at the rate of 7 per cent per annum, and in respect of such note or notes as may be issued in renewal thereof at any time within two years from the date hereof.

It is further ordered, That the applicant shall report to this Commission, within 10 days thereafter, all pertinent facts relating to the indorsement of said note or notes; each of said reports to be signed by an executive officer of the applicant having knowledge of the facts and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said notes, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1433.

IN THE MATTER OF THE APPLICATION OF THE TAMPA
NORTHERN RAILROAD COMPANY FOR AUTHORITY
TO ISSUE A NOTE.

Submitted May 6, 1921. Decided June 13, 1921.

1. Authority granted to issue under date of February 24, 1921, a promissory note in the amount of \$100,000, payable 90 days after date to the Bankers Trust Company, or order, in part renewal of a promissory note for \$200,000.
2. Authority granted to issue from time to time, within two years from the date hereof, a note or notes not exceeding the aggregate amount of \$100,000 in renewal thereof.

Forney Johnston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Tampa Northern Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue to the Bankers Trust Company, of New York, its 90-day promissory note for \$100,000 in part renewal of its promissory note for \$200,000, which matured February 24, 1921, and (2) to issue from time to time its note or notes in renewal of the note first mentioned. No objection has been made to the granting of the application.

It appears that the note for \$200,000 was accepted by the Bankers Trust Company as a short-term maturity and has been renewed from time to time, covering a period of over four years. This note is indorsed by the Seaboard Air Line Railway Company, which owns all the capital stock of the applicant, and is further secured by the pledge of \$480,000 of that company's first and consolidated mortgage gold bonds, series A. On February 24, 1921, the maturity of the last renewal, the trust company refused to extend the note for the full amount. By our certificate No. 86 in *Loan to Tampa Northern R. R.*, 67 I. C. C., 475, we approved the making of a loan of \$100,000 by the United States to the applicant under section 210 of the transportation act, 1920, as amended, for the purpose of discharging in part this matured indebtedness. The applicant now proposes to issue its promissory note for the remaining \$100,000. This note will be dated as of February 24, 1921, payable 90 days after date, to the order of

the trust company, with interest at the rate of 7 per cent per annum, and will be renewed from time to time by the issue of another note or other notes.

The applicant has continued operations with annual deficits for several years, and its earnings are not now sufficient to care for its operating expenses and pay interest on its indebtedness.

By our supplemental order this day entered in *Bonds of Seaboard Air Line Ry.*, 67 I. C. C., 740, we have authorized the Seaboard Air Line Railway Company to assume obligation or liability, as indorser, in respect of the notes which the applicant is seeking authority to issue. As further security for these notes the applicant will pledge \$240,000 of the Seaboard Air Line Railway Company's first and consolidated mortgage gold bonds heretofore loaned the applicant for such purpose.

The note now proposed to be issued and the applicant's other outstanding notes of a maturity of two years or less will together aggregate more than 5 per cent of the par value of its outstanding securities.

We find that the proposed issue of a promissory note and of a renewal note or notes by the applicant (*a*) are for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (*b*) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Tampa Northern Railroad Company be, and it is hereby, authorized (1) to issue at par its promissory note in the amount of \$100,000, to be dated February 24, 1921, payable 90 days after date to the order of the Bankers Trust Company, of New York, with interest at the rate of 7 per cent per annum, said note to be issued solely for the purpose of renewing in part a note of \$200,000, payable to said trust company, which matured on February 24, 1921, and (2) to issue in renewal of said note from time to time, within two years from the date hereof, its promissory note

or notes not exceeding an aggregate amount of \$100,000, with interest thereon at the rate of not exceeding 7 per cent per annum.

It is further ordered, That, except as herein authorized, said note or notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until so authorized by this Commission.

It is further ordered, That the applicant shall, within 10 days after (1) the issue of said note or notes, and (2) the payment or satisfaction thereof, report to this Commission all pertinent facts relating thereto, each of said reports to be signed by an executive officer of the applicant and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note or notes or interest thereon on the part of the United States.

FINANCE DOCKET No. 31.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE MARSHALL & EAST TEXAS RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 7, 1921. Decided June 14, 1921.

Upon reargument, findings of the Commission's original report, issued April 1, 1921, are affirmed. Proceeding dismissed.

F. H. Prendergast for applicant.

S. P. Jones for protestants.

REPORT OF THE COMMISSION ON REARGUMENT.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On April 1, 1921, we dismissed the above-entitled proceeding upon the ground that abandonment of the line took place prior to the effective date of paragraph (18), section 1, of the interstate commerce act. Subsequently, at the request of the applicant, we reopened the case for argument upon the question of law involved. Briefs were filed and have been carefully examined.

Applicant contends that there is a distinction between abandonment of a line of railroad and a cessation of operations on such line. We recognize such distinction, but in this proceeding we have heretofore found that the cessation of operation of this particular road amounted to a complete abandonment, not only of the operation of the line, but of the line itself as an instrumentality of interstate commerce. This is evidenced by the commencement of proceedings in the federal court for the sale of the line as scrap, which proceeding was delayed, apparently, through no fault of the applicant, and by its failure to file with us any annual report for the year 1919, indicating that at that time it considered its status as a carrier subject to the act to be definitely at an end.

We find nothing in the record, as supplemented, to change the conclusions announced in our previous report. An order dismissing the proceeding will be entered.

67 I. C. C.

ORDER.

It appearing, That on April 1, 1921, the Commission entered its report and order in the above-entitled proceeding, and the said proceeding having been reopened for further argument on briefs, and such further argument having been had, and the Commission having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the proceeding be, and it is hereby, dismissed.
67 I. C. C.

FINANCE DOCKET No. 1219.

IN THE MATTER OF THE APPLICATION OF THE PATTERSON & WESTERN RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 9, 1921. Decided June 14, 1921.

Certificate issued authorizing the abandonment of a line of railroad in Stanislaus county, Calif.

Thos. R. White for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Patterson & Western Railroad Company, a carrier subject to the interstate commerce act, on February 1, 1921, filed its application for a certificate that the present and future public convenience and necessity permit the abandonment of applicant's line of railroad extending from Patterson to Jones station, both in Stanislaus county, Calif., a distance of 23.6 miles. Such abandonment has been approved by the Railroad Commission of California. The case was submitted on the record without formal hearing.

The line in question is a narrow-gauge road built in 1916 by the Mineral Products Company for the purpose of affording access to its mineral deposits, which were then supposed to be valuable. That supposition was later found to be erroneous, and the idea of developing the deposits was abandoned. The Mineral Products Company owns all of the capital stock of the applicant, except qualifying shares held by the directors, and has advanced not only the funds for the original construction but also the amounts required to cover deficits incurred in three years' operations. Only a small volume of tonnage, other than that of the Mineral Products Company, was handled during that period, and operating expenses exceeded gross revenues. There is little traffic available at present, and no prospect of any substantial amount of business in the near future. No passenger service was ever rendered over the line.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment by the applicant of its line of railroad herein described. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Patterson & Western Railroad Company of its line of railroad in Stanislaus county, Calif.

It is ordered, That said Patterson & Western Railroad Company be, and it is hereby, authorized to abandon said line of railroad.

It is further ordered, That said Patterson & Western Railroad Company, when filing schedules canceling tariffs applicable to said line of railroad shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1236.

IN THE MATTER OF THE APPLICATION OF THE PEARL RIVER VALLEY RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 7, 1921. Decided June 14, 1921.

Proposed relocation of a portion of the main line of the Pearl River Valley Railroad Company in Pearl River county, Miss., held not to be within the scope of paragraph (18), section 1, of the interstate commerce act. Proceeding dismissed.

T. Brady, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pearl River Valley Railroad Company, a carrier by railroad subject to the interstate commerce act, on February 15, 1921, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18), section 1, of the interstate commerce act, authorizing it to abandon a part of its line of railroad in Pearl River county, Miss. The governor of Mississippi and the Mississippi Railroad Commission have recommended that the application be granted.

The Pearl River Valley Railroad extends from Nicholson, Miss., on the New Orleans & Northeastern Railroad, in a generally northerly direction to Easley, Miss., a distance of 25.62 miles. Between mileposts 13 and 17, north of Nicholson, the applicant has built a revised line in order to avoid objectionable grades and curves on the original location. This newly constructed line displaces 2.62 miles of the original road, which it is proposed to abandon. It appears that the new line is completed, that it is 1,231 feet shorter than the original location, has 437° less of curvature, and lower grades, so that substantial operating economies should result. The new line is not more than 1 mile from the former location at any point. On that part of the road which it is sought to abandon there is one non-agency station, located at an abandoned logging camp, which is used occasionally for shipments of charcoal and wood.

It is our opinion that the relocation of applicant's line, as above described, does not constitute an abandonment of a line of railroad within the meaning of paragraph (18), section 1, of the interstate

commerce act, and that no certificate of authorization from us is necessary.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1376.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, INDIANAPOLIS & LOUISVILLE RAILWAY COMPANY FOR AUTHORITY TO PLEDGE AND REPLEDGE BONDS.

Submitted May 6, 1921. Decided June 14, 1921.

Authority granted, until otherwise ordered, to pledge and repledge, from time to time, all or any part of \$3,493,000 of first and general mortgage 5 per cent gold bonds, series A, as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

C. C. Hine for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, Indianapolis & Louisville Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to pledge and repledge, from time to time, \$3,493,000 of its first and general mortgage 5 per cent gold bonds, series A, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph 9 of section 20a of that act without our authorization therefor having first been obtained. No objection has been made to the granting of the application.

The first and general mortgage, dated May 1, 1916, and the supplement thereto, dated March 1, 1917, given by the applicant to the Guaranty Trust Company of New York and William L. Taylor, trustees, authorize the issue of not to exceed \$40,000,000 of 50-year bonds. Prior to the effective date of section 20a, \$6,754,000 of these bonds were issued to reimburse the applicant for moneys expended out of income and from other moneys in its treasury, as follows:

Cash payments on equipment acquired under equipment trusts	\$1,035,328.40
Refundment of installments of equipment obligations paid	1,759,000.00
Refundment of general-mortgage bonds	1,650,000.00
Additions and betterments	2,309,673.60
Total	6,754,000.00

Of this amount, \$3,261,000 of bonds are now held by the public. Of the \$3,493,000 remaining, \$2,100,000 and \$463,000 are pledged with the War Finance Corporation and the Secretary of the Treas-

ury, respectively, as collateral security for loans, and \$930,000 are in the applicant's treasury. The applicant desires to repledge the bonds now pledged when they shall be released, and to pledge and repledge the bonds now in its treasury.

We find that the proposed pledge and repledge by the applicant of all or any part of \$3,493,000 of its first and general mortgage 5 per cent gold bonds, series A, (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, until otherwise ordered, the Chicago, Indianapolis & Louisville Railway Company be, and it is hereby, authorized to pledge and repledge, from time to time, all or any part of \$3,493,000 of its first and general mortgage 5 per cent gold bonds, series A, as collateral security for any note or notes which may be issued within the limitations of paragraph (9) of section 20a of the interstate commerce act without our authorization therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds, at their prevailing market price at the time of pledge, for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, until so ordered by this Commission.

It is further ordered, That the applicant, within 10 days after the pledge or repledge of any of its bonds as herein authorized, shall file with this Commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall report to this Commission all pertinent facts relating thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to such bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1448.

IN THE MATTER OF THE APPLICATION OF THE
PENNSYLVANIA RAILROAD COMPANY FOR AUTHOR-
ITY TO ACQUIRE CONTROL OF THE PITTSBURGH,
FORT WAYNE & CHICAGO RAILWAY COMPANY AND
TO ASSUME GUARANTEED TRUST CERTIFICATES.

Submitted May 31, 1921. Decided June 14, 1921.

1. Authority granted to acquire control of the Pittsburgh, Fort Wayne & Chicago Railway Company by the purchase at par, from the Pennsylvania Company, of \$34,000,000 of special guaranteed stock; and as part consideration therefor.
2. Authority granted to assume the obligations of the Pennsylvania Company in respect of the payment of the principal and interest of \$33,239,000 of guaranteed trust certificates heretofore issued by that company.

Henry Tatnall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Pennsylvania Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority (1) under paragraph (2) of section 5 of the interstate commerce act, to acquire control of the Pittsburgh, Fort Wayne & Chicago Railway Company, hereinafter called the Fort Wayne, by the purchase at par of \$34,000,000 of its special guaranteed stock of the Fort Wayne from the Pennsylvania Company; and (2) under section 20a of that act to assume the obligations of the Pennsylvania Company in respect of the payment of the principal and interest of \$33,239,000 of guaranteed trust certificates heretofore issued by that company. A hearing was duly held upon the application for authority to acquire control of the Fort Wayne. No objection has been made to the granting of any part of the application.

The \$34,000,000 of special guaranteed stock of the Fort Wayne which the applicant proposes to purchase is now owned by the Pennsylvania Company and pledged by it with the Girard Trust Company as collateral security for \$33,239,000 of guaranteed trust certificates. All of the stock of the Pennsylvania Company is owned by the applicant, which is also the guarantor of the aforementioned trust certificates. As consideration for the transfer of the stock of

the Fort Wayne, the applicant proposes to pay \$761,000 in cash to the Pennsylvania Company direct, and to relieve that company from its obligation to pay the principal and interest of the guaranteed trust certificates when and as these sums become respectively due and payable. By acquiring this stock, the applicant will become the owner of the controlling interest in the Fort Wayne, which it now operates under a lease for 999 years, dated June 7, 1869.

The Pennsylvania Company's guaranteed trust certificates of series A, B, and C were issued pursuant to an agreement with the Girard Life Insurance, Annuity & Trust Company of Philadelphia (now the Girard Trust Company) under date of September 1, 1897, and agreements supplemental thereto dated February 1, 1901, and December 1, 1902. The certificates of series D and E were issued pursuant to an agreement with the Girard Trust Company under date of December 1, 1904. Series A, B, C, and D bear interest at the rate of $3\frac{1}{2}$ per cent and series E at the rate of 4 per cent per annum, payable semiannually. All of the certificates are collaterally secured by the pledge of the \$34,000,000 of the Fort Wayne's special guaranteed stock.

The series, amounts, and interest and maturity dates of the certificates are as follows:

Series.	Interest dates.	Maturity.	Principal amount.
Series A	Mar. 1 and Sept. 1	Sept. 1, 1937	\$3,806,000
Series B	Aug. 1 and Feb. 1	Feb. 1, 1941	7,856,000
Series C	June 1 and Dec. 1	Dec. 1, 1912	8,918,000
Series D .....	....do.....	Dec. 1, 1944	8,128,000
Series E	May 1 and Nov. 1	May 1, 1932	9,500,000

It appears that the proceeds from the sale of all of the above certificates were used by the Pennsylvania Company to reimburse its treasury for money expended for improvements and betterments made on the railway property of the Fort Wayne, of which road it was at the time sublessee. By agreement dated January 1, 1918, the Pennsylvania Company retransferred all its rights under the lease to the applicant.

We find that the proposed acquisition by the applicant of the control of the Pittsburgh, Fort Wayne & Chicago Railway Company by the purchase, at par, of \$34,000,000 of special guaranteed stock, as set forth in its application, will be in the public interest.

We further find that the proposed assumption by the applicant of the obligations of the Pennsylvania Company in respect to the payment of the principal and interest of \$33,239,000 of guaranteed trust certificates (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary

and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing having been held in this proceeding, and full investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Pennsylvania Railroad Company be, and it is hereby, authorized to acquire, by the purchase at par, from the Pennsylvania Company, of 340,000 shares of special guaranteed stock of the par value of \$100 per share, the control of the Pittsburgh, Fort Wayne & Chicago Railway Company; said purchase of stock to be effected on the terms and in the manner set forth in the application.

It is further ordered, That as part consideration for the acquisition of said stock from the Pennsylvania Company the Pennsylvania Railroad Company be, and it is hereby, authorized to assume the obligations of the Pennsylvania Company in respect to the payment of the principal and interest of not exceeding \$33,239,000 of guaranteed trust certificates, as follows: (a) \$3,806,000 of series A, issued under and pursuant to and secured by an agreement made by and between the Girard Life Insurance, Annuity & Trust Company of Philadelphia (now the Girard Trust Company), the Pennsylvania Company, and the applicant, under date of September 1, 1897, bearing interest at the rate of $3\frac{1}{2}$ per cent per annum, payable semiannually on March 1 and September 1, and maturing September 1, 1937; (b) \$7,856,000 of series B, issued under and pursuant to and secured by a supplemental agreement entered into by and between said Girard Trust Company, said Pennsylvania Company, and the applicant, under date of February 1, 1901, bearing interest at the rate of $3\frac{1}{2}$ per cent per annum, payable semiannually on August 1 and February 1, and maturing February 1, 1941; (c) \$3,919,000 of series C, issued under and pursuant to and secured by a further supplemental agreement entered into by and between said Girard Trust Company, said Pennsylvania Company, and the applicant, under date of December 1, 1902, bearing interest at the rate of $3\frac{1}{2}$ per cent per annum, payable semiannually on June 1 and December 1, and maturing December 1, 1942; (d) \$8,158,000 of series D, bearing interest at the rate of $3\frac{1}{2}$ per cent per annum, payable semiannually on June 1 and December

1, and maturing December 1, 1944; and (e) \$9,500,000 of series E, bearing interest at the rate of 4 per cent per annum, payable semi-annually on May 1 and November 1, and maturing May 1, 1952, issued under and pursuant to and secured by an agreement entered into by and between the Girard Trust Company, the Pennsylvania Company, and the applicant, under date of December 1, 1904.

It is further ordered, That within 10 days after the purchase of said stock of the Pittsburgh, Fort Wayne & Chicago Railway Company, and within 10 days after the assumption of the obligations of the Pennsylvania Company as to the payment of the principal and interest of said guaranteed trust certificates, the applicant shall report to this Commission all pertinent facts relating thereto, said reports to be signed and verified by one of its executive officers having knowledge of the facts contained therein,

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said guaranteed trust certificates, or interest thereon, or as to said special guaranteed stock or dividends thereon.

67 I. C. C.

FINANCE DOCKET No. 1464.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL RAILROAD COMPANY OF SOUTH CAROLINA FOR AUTHORITY TO ISSUE CERTAIN BONDS.

Submitted June 1, 1921. Decided June 14, 1921.

Authority granted to issue, and to exchange or sell at par and accrued interest, \$300,000 of serial 6 per cent refunding bonds, dated July 1, 1921, and maturing serially July 1, 1922, to July 1, 1976, inclusive, to retire a like amount of first-mortgage 6 per cent gold bonds maturing July 1, 1921.

J. N. Nathans for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Central Railroad Company, of South Carolina, a corporation organized for the purpose of engaging in transportation by railroad in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue under date of July 1, 1921, and to exchange or sell at par and accrued interest, \$300,000 of its serial 6 per cent refunding bonds, to retire a like amount of first-mortgage 6 per cent gold bonds maturing July 1, 1921. No objection has been made to the granting of the application.

The bonds proposed to be issued will be secured by a mortgage, dated July 1, 1921, to the Bankers Trust Company, trustee; will bear interest at the rate of 6 per cent per annum, payable January 1 and July 1 of each year; will all be of the denomination of \$1,000; and will mature serially, as follows:

10 bonds.....	2 bonds annually for 5 years (1922-26).
30 bonds.....	3 bonds annually for 10 years (1927-36).
60 bonds.....	4 bonds annually for 15 years (1937-51).
60 bonds.....	6 bonds annually for 10 years (1952-61).
80 bonds.....	8 bonds annually for 10 years (1962-71).
60 bonds.....	12 bonds annually for 5 years (1972-76).

The \$300,000 first-mortgage 6 per cent bonds now outstanding and to be refunded were issued prior to the effective date of section 20a to provide funds for the construction of the applicant's line, and will mature on July 1, 1921. The applicant represents that the holders of at least \$259,000 of the outstanding bonds have agreed to accept at

67 I. C. C.

par the new bonds in exchange, and that it has arranged for the sale for cash at par of any remaining new bonds, the proceeds to be used to retire the other outstanding bonds not so exchanged. There will be no underwriting or other expense involved.

The applicant's entire railroad property and franchises, except its franchise to be a corporation, were leased by the Atlantic Coast Line Railroad Company on December 1, 1881, for a term of 99 years at an annual rental of \$30,000 and an additional sum of \$1,000 per year to preserve the applicant's corporate existence. All of the bonds proposed to be issued will mature before the expiration of the lease, and arrangement has been made by agreement with the lessee that the latter is to pay periodically to the trustee under the proposed mortgage sufficient of the rent to meet the payments of principal of and interest on the refunding bonds as they become due.

We find that the proposed issue and sale or exchange by the applicant of \$300,000 of its serial 6 per cent refunding bonds (a) are for a lawful object within its corporate purposes, compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central Railroad Company of South Carolina be, and it is hereby, authorized (1) to issue \$300,000, principal amount, of serial 6 per cent refunding bonds under and pursuant to, and to be secured by, a mortgage to be dated July 1, 1921, to be made to the Bankers Trust Company, and (2) to exchange or sell said bonds at par and accrued interest; said bonds to be dated July 1, 1921, to mature serially July 1, 1922, to July 1, 1976, inclusive, as specified in the application, and to be used solely to retire a like principal amount of the applicant's first-mortgage 6 per cent gold bonds, which mature July 1, 1921.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by applicant, until so ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission in writing, within 10 days thereafter, all pertinent facts relating to the sale or exchange of said bonds, such reports to be signed and verified by one of its executive officers having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 962.

IN THE MATTER OF THE APPLICATION OF THE RECEIVERS OF THE GEORGIA & FLORIDA RAILWAY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO AID IN MAKING ADDITIONS AND BETTERMENTS.

Approved June 15, 1921.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

Supplemental Certificate No. 77.

Pursuant to the provisions of subparagraph (c) of paragraph 5 of certificate No. 77, of March 24, 1921, to the Secretary of the Treasury for a loan of \$800,000 by the United States to W. R. Sullivan, L. M. Williams, and J. F. Lewis, receivers of the Georgia & Florida Railway, hereinafter referred to as the receivers, the Interstate Commerce Commission now certifies to the Secretary of the Treasury its further finding of fact:

That the receivers have fully complied with the conditions contained in subparagraph (g), clause (4), of paragraph 5 of said certificate No. 77 by filing with the Commission a certificate of the Merchants Bank in the city of Augusta, Ga., the receivers' depository and clearing agent, to the effect that \$800,000 of receivers' certificates heretofore authorized by decree of the superior court of Richmond county, Ga., dated January 25, 1921, entered of record in the case entitled *Baltimore Trust Company (Richmond Trust Company, successor)*, have been sold or otherwise disposed of or validly subscribed for pursuant to the provisions of subparagraph (g), clause (4), of paragraph 5 of said certificate No. 77.

Done at Washington, D. C., this 15th day of June, 1921.

67 I. C. C.

FINANCE DOCKET No. 98.

IN THE MATTER OF THE APPLICATION OF THE OCEAN
SHORE RAILROAD COMPANY FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 13, 1921. Decided June 16, 1921.

Certificate issued authorizing the abandonment of a line of railroad in the state of California.

McCutchen, Willard, Mannon & Greene for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ocean Shore Railroad Company, a carrier subject to the interstate commerce act, on October 21, 1920, filed its application for a certificate that the present and future public convenience and necessity permit the abandonment of the applicant's line of railroad extending from San Francisco to Tunitas Glen, in the county of San Mateo, and a second line extending from Santa Cruz to Swanton, in the county of Santa Cruz, state of California.

Construction of the lines in question was begun in 1905 and completed in 1909, with some interruptions due to financial difficulties. The completed property was acquired by the applicant in 1911 in reorganization proceedings following a receivership. Gross revenues have never equalled operating expenses, and a deficit, amounting to \$407,848.37 at the close of the year 1920, has been met by assessments on the outstanding stock aggregating \$29 per share. Traffic has diminished progressively, chiefly because of increasing competition by motor vehicles. The territory served is devoted principally to agriculture and lumbering. No objection to the granting of the application has been filed with us. The record is clear that but little use has been made of the service in the past and that there is little, if any, prospect that the lines can be made to serve any useful purpose in the future.

We therefore find that the present and future public convenience and necessity permit the abandonment by the applicant of the lines hereinbefore described. A certificate to that effect will accordingly be issued.

PUBLIC CONVENIENCE CERTIFICATE TO OCEAN SHORE R. R. 761

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Ocean Shore Railroad Company of its lines of railroad described in said report.

It is ordered, That said Ocean Shore Railroad Company be, and it is hereby, authorized to abandon said lines of railroad.

It is further ordered, That said Ocean Shore Railroad Company, when filing schedules canceling tariffs applicable to said lines of railroad, shall in such schedules make specific reference to this certificate by title, date and docket number.

67 I. C. C.

FINANCE DOCKET No. 1146.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & EASTERN ILLINOIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE SECURITIES, TO ASSUME OBLIGATIONS, AND TO PLEDGE BONDS AS SECURITY FOR LOANS FROM THE UNITED STATES.

Approved June 16, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

Upon reading and filing the applicant's petition for modification of the Commission's order entered in this proceeding on the 3d day of February, 1921, and upon further consideration of the record herein, and for good and sufficient cause:

It is ordered, That the time within which the Chicago & Eastern Illinois Railway Company may issue securities as authorized in the Commission's order of February 3, 1921, be, and the same is hereby, extended from June 30, 1921, to January 1, 1922.

67 I. C. C.

FINANCE DOCKET No. 1458.

IN THE MATTER OF THE APPLICATION OF THE WICHITA NORTHWESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE BONDS.

Submitted May 28, 1921. Decided June 16, 1921.

Authority granted (1) to issue \$600,000 of first consolidated mortgage bonds; and (2) to pledge the same with the Secretary of the Treasury as collateral security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

A. C. Malloy for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wichita Northwestern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue \$600,000 of its first consolidated mortgage bonds, and (2) to pledge them with the Secretary of the Treasury as collateral security for a loan of \$381,750 from the United States under section 210 of the transportation act, 1920, as amended.

On the date of the application, the applicant had outstanding a first mortgage upon certain portions of its line, under which there had been issued and were outstanding \$250,000 of bonds which were to mature on November 1, 1931. It also had executed another first mortgage upon another portion of its property under which \$100,000 of bonds, maturing November 1, 1932, had been issued and pledged as collateral security for a loan to the applicant.

The applicant has defaulted under the provisions of the first-mentioned mortgage, and the trustee has notified it that proceedings looking toward foreclosure will be undertaken. To assist the applicant in retiring this bond issue which has thus become due and payable, and to enable it to make additions and betterments which are absolutely essential, we have authorized a loan from the United States of \$381,750, in *Loan to Wichita Northwestern Ry.*, 67 I. C. C., 522. Of this amount \$200,000 is to be used in part payment of the bond issue and \$181,750 is to be expended in the completion of the applicant's line of railroad. In addition to retiring the bonds outstanding under the first-mentioned mortgage, the applicant is also

to retire the bonds nominally outstanding under the other mortgage, and both mortgages are to be discharged and satisfied of record.

As security for the loan from the United States the applicant proposes to execute a new mortgage upon its properties in the sum of \$600,000, and will issue, and pledge with the Secretary of the Treasury, all the bonds authorized by the mortgage. This mortgage is to be denominated the first consolidated mortgage, will be dated June 1, 1921, and will be made by the applicant to the Midwest Reserve Trust Company, of Kansas City, Mo. The bonds to be issued under this mortgage will bear interest at the rate of 6 per cent per annum, payable semiannually, and will mature on June 1, 1931.

We find that the proposed issue and pledge of bonds by the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Wichita Northwestern Railway Company be, and it is hereby, authorized (1) to issue \$600,000, principal amount, of first consolidated mortgage bonds, under and pursuant to, and to be secured by, its proposed first consolidated mortgage dated June 1, 1921, to be made by the applicant to the Midwest Reserve Trust Company, trustee; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of June and of December in each year, and to mature June 1, 1931; and (2) to pledge said bonds with the Secretary of the Treasury as collateral security for a loan of \$381,750 from the United States under section 210 of the transportation act, 1920, as amended, as specified in our certificate No. 95, in *Loan to Wichita Northwestern Ry., supra*.

It is further ordered, That, except as herein authorized to be issued and pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this Commission.

It is further ordered, That there shall be filed with this Commission, within 10 days after the execution and delivery thereof, a veri-

fied copy of the proposed first consolidated mortgage in the form in which executed.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this Commission all pertinent facts relating to the issue, pledge, and release from pledge of said bonds; such reports to be signed and verified by one of its executive officers having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1453.

IN THE MATTER OF THE APPLICATION OF THE WILLIAMSPORT & NORTH BRANCH RAILWAY COMPANY FOR AUTHORITY TO ISSUE SECURITIES.

Submitted June 2, 1921. Decided June 17, 1921.

Authority granted to issue at par (1) \$200,000 of first-mortgage 6 per cent gold bonds, (2) \$200,000 of noncumulative 6 per cent preferred stock, and (3) \$500,000 of common stock, in full payment for its railroad property, rights, and franchises.

John G. Reading for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Williamsport & North Branch Railway Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, has duly applied for authority under section 20a of the interstate commerce act to issue at par, in payment for the railroad property hereinafter described, \$200,000 of its first-mortgage 6 per cent gold bonds, \$200,000 of its noncumulative 6 per cent preferred stock, and \$500,000 of its common stock. No objection to the granting of the application has been made.

The bonds are proposed to be issued under a mortgage and deed of trust to be given by the applicant to the Harrisburg Trust Company, of Harrisburg Pa., to be dated July 1, 1921, a copy of which, as proposed to be issued, is on file in this proceeding. It will authorize a total of \$500,000 of bonds, to bear interest at the rate of 6 per cent per annum payable semiannually on the 1st day of January and of July in each year, and to be substantially in the form incorporated in the proposed mortgage. Only \$200,000 of the bonds will be now issued. The common and preferred stock involved represent the entire authorized issues of the applicant.

On March 9, 1921, the road, equipment, and franchises of the Williamsport & North Branch Railroad Company, carried in its balance sheet of December 31, 1920, as an investment of \$2,050,293.67, were purchased by Joseph H. Emery, Edgar R. Kiess, D. K. Townsend, and J. K. Rishel, under a decree of foreclosure and sale entered in the court of common pleas of Lycoming county, Pa. Conveyance of the property to them was confirmed by the court April 4,

1921. They, with others, on May 16, 1921, organized the applicant to take over and operate the property thus acquired (excepting therefrom certain specified acreage), which consists of a railroad extending from Hall's station, on the Philadelphia & Reading Railroad, to Satterfield, in Sullivan county, Pa., a distance of approximately 45 miles, together with the other property, rights, and franchises included in the agreement of sale dated May 16, 1921, between said Emery, Kiess, Townsend, and Rishel and the applicant, a copy of which is annexed to the application, and thereby agreed to be conveyed to the applicant. In consideration of the conveyance of this property to it by the persons above named, the applicant proposes to issue and deliver to them at par the stocks and bonds authority for the issue of which is herein sought.

By the reorganization process the authorized long-term debt upon the property will be reduced from \$750,000 to \$500,000, the outstanding debt from \$545,000 to \$200,000, the authorized capital stock of all kinds from \$2,401,412 to \$700,000, and the outstanding capital stock from \$1,324,662 to \$700,000. This comparison is slightly qualified by the fact that land valued roundly at \$32,000 by the former owner is not to be included in the property to be conveyed to the applicant.

We find that the proposed issue of bonds and stocks and the delivery thereof to the individuals named as aforesaid (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Williamsport & North Branch Railway Company be, and it is hereby, authorized, in full payment for the conveyance to it, by Joseph H. Emery, Edgar R. Kiess, D. K. Townsend, and J. K. Rishel, of all and singular the railroad, property, rights, and franchises described in the report, to issue to said Emery, Kiess, Townsend, and Rishel, on their joint receipt therefor (a) \$200,000, par value, of its noncumulative 6 per cent preferred stock; (b) \$500,000, par value, of its common stock; and (c) \$200,000, prin-

cipal amount, of its first-mortgage 6 per cent gold bonds, to be issued under and pursuant to, and to be secured by, its first mortgage, which is to be dated July 1, 1921, to be made by the applicant to the Harrisburg Trust Company and to be in the form submitted by the applicant in this proceeding, said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and of July in each year, to mature July 1, 1951, and to be substantially in the form incorporated in the said form of mortgage submitted.

It is further ordered, That said stocks and bonds shall not be otherwise sold, pledged, repledged, or disposed of, by the applicant, except as herein authorized, unless and until so ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission in writing all pertinent facts relating to the issue and disposition of said bonds and stocks as herein authorized within 10 days thereafter, said reports to be signed and verified by an executive officer having knowledge of the facts therein contained.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or stocks, or interest or dividends thereon, on the part of the United States.

67 I. C. C.

FINANCE DOCKET No. 1201.

IN THE MATTER OF THE APPLICATION OF THE ELBERTON & EASTERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted May 25, 1921. Decided June 18, 1921.

Authority granted to issue at par, for cash, \$12,050 of first-mortgage 5 per cent gold bonds (now held in applicant's treasury), in respect of certain additions and betterments to its line of railroad.

W. A. Slaton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Elberton & Eastern Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue at par, for cash, \$12,050 of its first-mortgage 5 per cent gold bonds. During the period from January 1, 1920, to November 30, 1920, inclusive, it expended from income or from other moneys in its treasury \$27,494.19 in widening cuts and fills, ballasting track, and otherwise making improvements to its roadbed and tracks. It now desires to sell bonds in the amount aforesaid to partially reimburse its treasury. No objection has been made to the granting of the application.

The bonds are secured by a first mortgage made by the applicant to the Fidelity Trust Company (of Baltimore, Md.), trustee, under date of February 1, 1917, authorizing a total issue of \$500,000, of which \$392,950 of bonds have been issued and are now outstanding. The bonds proposed to be sold are now held in the applicant's treasury, being the unsold portion of \$205,000 of bonds authenticated by the trustee prior to the effective date of section 20a. They mature February 1, 1942, and bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of February and of August in each year. A copy of the mortgage has been filed with the application. The bonds have been subscribed for at par and will be sold without expense to the applicant.

We find that the proposed issue by the applicant of \$12,050 of first-mortgage 5 per cent gold bonds (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which

is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Elberton & Eastern Railroad Company be, and it is hereby, authorized to issue for cash at par \$12,050, principal amount, of first-mortgage 5 per cent gold bonds, maturing February 1, 1942, under and pursuant to its first mortgage dated February 1, 1917, to the Fidelity Trust Company (of Baltimore, Md.), trustee, and now held in its treasury; the proceeds to be used to reimburse its treasury for expenditures made for additions and betterments to its railroad, as set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this Commission all pertinent facts relating to the issue of said bonds, such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1461.

IN THE MATTER OF THE APPLICATION OF THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS FOR AUTHORITY TO ISSUE GENERAL-MORTGAGE BONDS.

Submitted May 28, 1921. Decided June 18, 1921.

Authority granted to issue nominally \$719,000 of general-mortgage bonds to reimburse the applicant's treasury for expenditures therefrom for additions and betterments.

T. M. Pierce for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Terminal Railroad Association of St. Louis, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue nominally \$719,000 of its general-mortgage 4 per cent bonds. No objection has been made to the granting of the application.

The general mortgage dated December 16, 1902, made by the applicant to the Central Trust Company of New York and William Tausig, of St. Louis, trustee, authorizes the issue each year of not to exceed \$1,000,000 of these bonds for the purpose of reimbursing the applicant on account of expenditures made after January 1, 1906, for equipment or for extensions, additions, betterments, or improvements to the lines of railroad or other properties of the applicant or of any other company not less than 95 per cent of the capital stock of which shall belong to the applicant and be pledged with the trustee under the general mortgage or under either of the mortgages securing the underlying bonds of the applicant. Of \$14,500,000 of bonds reserved under the terms of the general mortgage for the purposes thus prescribed by the mortgage, \$11,282,000 have been issued.

It appears that between May 1, 1920, and March 31, 1921, the applicant expended \$712,458.60 for extensions, additions, and betterments to its lines of railroad and other property and to property of other companies, not less than 95 per cent of the capital stock of which belongs to the applicant and is pledged with the trustee under one or more of the mortgages, and \$6,746.76 on property of the St. Louis Merchants Bridge Company, the Madison, Illinois & St. Louis Railway Company, the East St. Louis Connecting Railway Com-

pany, and the St. Louis Transfer Railway Company. From their respective annual reports for the year 1920 it appears that the entire capital stock of the first two of these companies belongs to the St. Louis Merchants Bridge Terminal Railway Company and that the entire capital stock of the other two companies belongs to the Wiggins Ferry Company. As not less than 95 per cent of the capital stock of the two proprietary companies is owned by the applicant and is pledged with the trustee under the general mortgage or one of the mortgages securing the underlying bonds, it may be said that for all practical purposes not less than 95 per cent of the capital stock of the four companies first named belongs to the applicant. It seems that this is the view taken by the applicant and the trustee under the general mortgage, and that the trustee has heretofore authenticated and delivered general-mortgage bonds to reimburse the applicant for expenditures made upon the property of these companies. The capital stock of the four companies will be pledged with the trustee under the general mortgage.

In order to reimburse its treasury for the expenditures made, the applicant now seeks authority to issue \$719,000 of its general-mortgage bonds. The applicant proposes to place these bonds in its treasury along with other general-mortgage bonds, and to dispose of all the bonds in its treasury with our approval, it being stated in the application that the bonds for the issue of which authority is sought are to be sold on a basis of not to exceed 6 per cent. Authority to sell the bonds, however, is not requested.

We find that the proposed issue by the applicant of \$719,000 of its general-mortgage 4 per cent bonds (a) is for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Terminal Railroad Association of St. Louis be, and it is hereby, authorized to nominally issue not exceeding \$719,000, principal amount, of its general-mortgage bonds; said bonds to be in coupon or registered form, to mature January 1, 1953,

to bear interest at the rate of 4 per cent per annum, to be secured by the mortgage dated December 16, 1902, made by applicant to the Central Trust Company of New York and William Taussig, of St. Louis, trustees, and when so issued to be held in the treasury of the applicant: *Provided, however,* That before said bonds shall be issued the applicant shall pledge with the Central Trust Company of New York under said general mortgage not less than 95 per cent of the capital stock now outstanding of the Madison, Illinois & St. Louis Railway Company, the St. Louis Merchants Bridge Company, the East St. Louis Connecting Railway Company, and the St. Louis Transfer Railway Company.

It is further ordered, That the bonds herein authorized to be nominally issued shall not, unless and until ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That within 10 days thereafter, respectively, the applicant shall report to this Commission all pertinent facts relating to (1) the issue of said bonds, and (2) the deposit of said stocks with the trustee; each such report to be in writing and signed and verified by an executive officer having knowledge of the matters contained therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1139.¹

IN THE MATTER OF THE APPLICATION OF THE WASHINGTON & LINCOLNTON RAILROAD COMPANY FOR AUTHORITY TO ISSUE SECURITIES.

Submitted March 3, 1921. Decided June 20, 1921.

1. Authority granted to issue and sell at par \$100,000 of 7 per cent cumulative preferred capital stock, the proceeds thereof to be used for the construction, equipment, and rehabilitation of applicant's railroad.
2. Authority granted to issue three short-term promissory notes in the aggregate amount of \$18,000 in connection with the procurement of a locomotive.

I. T. Irvin, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

By two separate applications the Washington & Lincolnton Railroad Company, a common carrier by railroad engaged in interstate commerce, duly seeks authority under section 20a of the interstate commerce act (1) to issue \$100,000 of 7 per cent cumulative preferred capital stock, and (2) to issue to the order of the Georgia Railroad (Louisville & Nashville Railroad Company and Atlantic Coast Line Company, lessees), under date of November 12, 1920, three promissory notes in the amounts of \$3,000, \$5,000, and \$5,000, respectively, with interest at the rate of 8 per cent per annum from September 3, 1920. No objection to the granting of either application has been offered by any state authority. A hearing on the application for authority to issue stock was had February 17, 1921.

It is proposed to issue the stock for the following purposes:

1. Purchase of an additional locomotive.....	\$15, 000
2. Purchase of right-of-way property.....	3, 000
3. Purchase of property for terminal facilities, Washington, Ga.....	4, 000
4. Roadway equipment.....	500
5. Extension of depot platform at Lincolnton.....	500
6. Purchase of houses and land for maintenance forces at Lovelace....	3, 000
7. Widening cuts, broadening fills, and original ditching.....	7, 500
8. Ties added to track in main line.....	1, 000
9. Purchase and installation of turntable at Lincolnton.....	2, 500
10. Ballast	3, 000

¹ This report and order also embrace Finance Docket No. 1241.

11. Labor for applying ballast.....	\$1,000
12. Construction of depot at Washington.....	4,000
13. Construction of yards and wye at Washington.....	7,000
14. Difference in price of 30,000 original sap-pine crossties at 30 cents each, replaced by as many heart-pine and oak ties at \$1.10 each.	24,000
15. Difference in price of 40,000 feet of heart-pine bridge timber at \$60 per thousand and original sap-pine timber at \$20 per thousand.....	1,600
16. Labor for replacement of ties and general track work.....	22,400
Total.....	100,000

Under our accounting classifications, the first 13 of these items, aggregating \$52,000, are chargeable to capital account; but items 14 and 15 are chargeable to operating expenses. It has not been satisfactorily shown what portion, if any, of item 16 is a proper capital charge.

All of the proposed stock issue has been subscribed at par, and the applicant has received on account thereof \$22,222.25. Approximately \$7,500 of this amount has been expended for the purposes covered by the first 13 items and the remainder, about \$14,722.25, for the purposes covered by items 14, 15, and 16. The applicant's book investment in road and equipment, excluding expenditures from the proceeds of the preferred stock, is \$222,664.94, which would be increased to \$274,664.94 by charging the aggregate amount of the first 13 items to capital account. The applicant has outstanding \$88,250 of common stock and \$100,000 of bonds, and the proposed issue of \$100,000 of preferred stock would result in a capitalization of \$288,250, or but \$13,585.06 more than such increased book investment.

The applicant's railroad extends from Washington, Wilkes county, to Lincolnton, Lincoln county, in the state of Georgia. It is not paralleled by any other line and is the only road which serves any part of Lincoln county. It was constructed for the sole purpose of meeting local needs and was greatly desired by the inhabitants of the territory served. In fact it was projected by them and they purchased at par the entire outstanding stock of the applicant.

The construction of the road was begun January 2, 1916, and completed November 1, 1917, and operation of the line was then commenced. Because of advances in the prices of labor and materials and of the fact that considerable rock was unexpectedly encountered the cost of construction exceeded the estimate. The consequent insufficiency of capital, and the fact that the terms of the subscriptions to the applicant's common stock obligated it to complete the road within a limited time, resulted in hasty and inferior construction and the commencement of operations with poor roadbed, track, and equipment. The ties and bridge timbers used were of sap pine, cut along the right of way, and have so deteriorated as to make their replace-

ment necessary. Items 14 and 15 are for such replacements. The track was constructed of relay rail.

The applicant's railroad has never been operated at a profit. It has paid no dividends and its earnings have been insufficient to enable it properly to maintain its road and equipment. As a result, derailments have been frequent, and it has often been necessary to suspend operations for several days at a time.

The applicant carries passengers and mail, as well as freight. About 12,000 people depend wholly upon it for railroad service. It serves a wooded section, which will supply it with timber traffic for 10 or 15 years. The land, as cleared, is used for agricultural purposes, cotton being the chief product, though tobacco has been successfully introduced. A copper mine is being developed, the output of which will be carried by the applicant. It is possible that the road, if rehabilitated as proposed, may be operated more successfully in the future than in the past, but there is no immediate likelihood that it can be operated at a profit.

The proposed expenditures are necessary to put the road in proper operating condition. The proposed stock issue seems to offer the only practicable means of saving the road and insuring its continued operation. The Georgia Railroad Commission on April 15, 1920, authorized the proposed stock issue, and subscriptions thereto, aggregating about \$87,000, were obtained before June 28, 1920, when section 20a of the interstate commerce act became effective. The holders of the common stock who have subscribed for 861 shares of the preferred stock, are familiar with the history of the applicant, its present condition, and its prospects.

Under the circumstances, we are of opinion that the proposed issue of preferred stock should be authorized.

The applicant purchased from the Georgia Railroad a locomotive, Georgia Railroad No. 421, now marked, lettered, and numbered Washington & Lincolnton No. 202. The purchase price of the locomotive was \$15,000 (shown above as item 1), and \$2,000 thereof has been paid in cash. The balance, \$13,000, will be evidenced by the notes which the applicant seeks authority to issue. By the terms of the notes, title to the locomotive will remain in the Georgia Railroad until they shall have been fully paid. The proposed notes and the applicant's other outstanding notes of a maturity of two years, or less, will together aggregate more than 5 per cent of the par value of its outstanding securities. The notes were to have matured on March 15, April 1, and April 15, 1921, respectively. All of these dates having passed, the applicant will be authorized to make the notes payable on demand. Since the applicant proposes to capitalize the cost of the locomotive by issuing preferred stock, it will be re-

quired to pay the principal of each of the notes from the proceeds of the stock.

We find that the proposed issues of said stock and notes by the applicant (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

COMMISSIONER DANIELS dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Washington & Lincolnton Railroad Company be, and it is hereby, authorized to issue and sell at not less than par \$100,000, par value, of 7 per cent cumulative preferred capital stock; said stock to be issued and the proceeds thereof to be used for the purposes stated in said report, and the certificates representing said stock to be in the form submitted with the application.

It is further ordered, That the Washington & Lincolnton Railroad Company be, and it is hereby, authorized to issue at par, under date of November 12, 1920, three promissory notes in face amounts of \$3,000, \$5,000, and \$5,000, respectively, payable to the order of the Georgia Railroad (Louisville & Nashville Railroad Company and Atlantic Coast Line Company, lessees), on demand, with interest at a rate not exceeding 8 per cent per annum from September 3, 1920; said notes to be used for the purpose stated in said report and to be in the form submitted with the application.

It is further ordered, That the principal amount of each of said notes shall be paid from the proceeds of the applicant's preferred stock, the issue of which is herein authorized.

It is further ordered, That neither said stock nor said notes shall be issued, sold, pledged, repledged, or otherwise disposed of, nor shall the proceeds thereof be used by the applicant in any manner, or for any purposes, except as herein authorized.

It is further ordered, That the applicant shall report to this Commission forthwith (1) the respective date, amount, purpose, and

source of each expenditure heretofore made by it for any of the purposes stated in said report; and, for the period ended June 30, 1921, and for each six months' period thereafter, until all of said stock and notes shall have been issued, the proceeds thereof applied, and said notes paid or satisfied, within 30 days after the close of each such period, report to this Commission all pertinent facts relating to (2) the issue of said stock, the consideration therefor, and the application of the proceeds thereof, (3) the issue of said notes, and (4) their payment or satisfaction; each report to be signed and verified by an executive officer of the applicant having knowledge of the matters contained therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States either as to said stock or the dividends thereon, or as to said notes or the interest thereon.

67 I. C. C.

FINANCE DOCKET No. 1172.

IN THE MATTER OF THE APPLICATION OF THE TENNESSEE & NORTH CAROLINA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted March 9, 1921. Decided June 20, 1921.

Proposed acquisition and operation by the Tennessee & North Carolina Railway Company of a line of railroad in Tennessee and North Carolina found not to be within the scope of paragraph (18) of section 1 of the interstate commerce act. Proceeding dismissed.

John Franklin Shields for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Tennessee & North Carolina Railway Company, a corporation organized for the purpose of engaging in interstate commerce, on January 5, 1921, filed an application under paragraph (18) of section 1 of the interstate commerce act for a certificate of public convenience and necessity authorizing it to acquire and operate a line of railroad extending from Newport, Tenn., to Waterville, N. C., a distance of approximately 19.5 miles. No application has been filed under section 5 of the act.

Upon consideration of the record we find that the application does not involve the acquisition or operation of a new line of railroad or extension thereof, but that it concerns a road which was constructed and in operation in interstate commerce prior to the effective date of said paragraph (18). Under these circumstances, we are of the opinion that the applicant's proposal does not fall within the prohibition of that paragraph.

An order dismissing the application will be issued accordingly.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 1289.

IN THE MATTER OF THE APPLICATION OF THE GRAND TRUNK WESTERN RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 15, 1921. Decided June 20, 1921.

Proposed acquisition and operation by the Grand Trunk Western Railway Company of a line of railroad in Ingham county, Mich., held not to be within the scope of paragraph (18), section 1, of the interstate commerce act. Proceeding dismissed.

Harrison Geer, for applicant.

REPORT OF THE COMMISSION.

DIVISION 4. COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Grand Trunk Western Railway Company, a carrier by railroad subject to the interstate commerce act, on March 19, 1921, filed its application pursuant to paragraph (18), section 1, of the interstate commerce act, to which application an amendment was filed May 6, 1921, for a certificate that the present and future public convenience and necessity require the acquisition and operation by it of the line of railroad owned by the Lansing Connecting Railroad Company, in Ingham county, Mich. No application has been filed under section 5 of the act.

Upon consideration of the record we find that the application concerns the acquisition and operation of a line of railroad which was in operation in interstate commerce prior to the effective date of said paragraph (18). Under the circumstances it is our opinion that the proposal does not fall within the prohibition of that paragraph.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 78.

IN THE MATTER OF THE APPLICATION OF THE ARKANSAS & LOUISIANA MISSOURI RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted May 23, 1921. Decided June 21, 1921.

1. Certificate issued authorizing the acquisition and operation of a line of railroad in Louisiana and Arkansas.
2. Abandonment of a line of railroad in Ashley county, Ark., held not to be within the scope of paragraph (18) of section 1 of the interstate commerce act.
3. Certain contracts held to grant trackage rights only and not to be within the scope of paragraph (18) of section 1 of the interstate commerce act.

Hudson, Potts, Bernstein & Sholars and *Luther M. Walter* for applicant.

W. B. Smith and *G. P. George* for protestants,

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4

The Arkansas & Louisiana Missouri Railway Company, a corporation organized for the purpose of engaging in interstate commerce as a common carrier by railroad, on September 24, 1920, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to acquire and operate a line of railroad from Monroe, La., to Crossett, Ark., a distance of 52.9 miles, and to operate over the Missouri Pacific Railway from Bastrop, La., to points of connection with the Louisiana & Pine Bluff Railway at Dollar Junction and Huttig, Ark., and over the tracks of the Louisiana & Pine Bluff Railway Company in the vicinity of Huttig. Permission is asked to abandon that portion of the line extending from Rolfe Junction, Ark., to Hamburg, Ark., a distance of 8.8 miles. The governor of Louisiana has recommended that the application be granted. Protests against the abandonment of that portion of the line extending from Rolfe Junction to Hamburg were

filed by the mayor and numerous citizens of Hamburg. A joint hearing was held for us by the Railroad Commission of Louisiana and the Arkansas Corporation Commission, each of these commissions designating one of its members to participate therein. The evidence introduced at the hearing related solely to the abandonment of the line from Rolfe Junction to Hamburg. The member of the Louisiana Railroad Commission who took part in the hearing has recommended that the application be granted. The participating member of the Arkansas Corporation Commission has recommended that the application be denied in so far as it relates to the abandonment of the line from Rolfe Junction to Hamburg. An application for authority to issue stock is pending before us.

The road extends from Monroe in a generally northerly direction to Crossett, a distance of 52.9 miles, and from Rolfe Junction to Hamburg, a distance of 8.8 miles. The Arkansas & Louisiana Midland Railway Company, which formerly owned and operated the lines, was placed in the hands of receivers by the United States district court for the western district of Louisiana on February 14, 1920. By a decree entered July 5, 1920, and modified by decree of July 17, 1920, the court ordered the property sold and it was purchased by certain individuals. The applicant was incorporated July 31, 1920, under the laws of Louisiana. The purchasers assigned their bid to the applicant, with the consent of the court, and on August 2, 1920, the property was conveyed to it. On August 4, 1920, the applicant made a contract with the Missouri Pacific Railroad Company by which it acquired the right to operate over the tracks of the latter company from Bastrop to points of connection with the Louisiana & Pine Bluff Railway at Dollar Junction and Huttig, a distance of 33.8 miles. This contract was approved by the Railroad Commission of Louisiana and the Arkansas Corporation Commission. On August 31, 1920, applicant made a contract with the Louisiana & Pine Bluff Railway Company for the joint use of the latter company's tracks between Huttig and Dollar Junction, a distance of 3.2 miles, and other railroad property in the vicinity of Huttig. This contract was approved by the Arkansas Corporation Commission.

At the time the Arkansas & Louisiana Midland Railway Company was placed in the hands of receivers, the physical condition of the property was such that entire abandonment of operation was contemplated. On May 27, 1920, the court ordered abandonment of operation of that portion of the road north of Bastrop, which includes the line from Rolfe Junction to Hamburg. There has not been any operation of the line north of Bastrop since that date. That portion of the road extending southward from Bastrop to Monroe is now being operated.

The applicant proposes to rehabilitate and operate the road between Monroe and Crossett, and to engage in transportation over the Missouri Pacific Railroad between Bastrop and Dollar Junction and Huttig; and over the Louisiana & Pine Bluff Railway between Dollar Junction and Huttig. No resumption of operation of the line from Rolfe Junction to Hamburg is contemplated.

The road was built in 1907-1908. It connects with the Vicksburg, Shreveport & Pacific Railway at Monroe, and with the Missouri Pacific Railway, the Chicago, Rock Island & Pacific Railway, and the Ashley, Drew & Northern Railway at Crossett. A connection with the Missouri Pacific Railway and the Louisiana & Pine Bluff Railway at Huttig will be established through trackage rights.

This road serves one of the greatest proven, but only partially developed, gas fields. Important industries, including pulp mills, glass factories, and large carbon and lignite plants are located along its line, and it is stated that a considerable industrial development is taking place in the territory which it will serve. It is claimed that this road will furnish an outlet for certain timber and farming interests which would have no other adequate railroad facilities, and that its operation is of importance not only to the communities immediately served but to its trunk line connections. The money necessary to acquire and rehabilitate the road is being furnished by shippers interested in its operation.

Upon the facts presented we find that the present and future public convenience and necessity require the acquisition and operation by the applicant of the line of railroad, approximately 30 miles in length, extending from Bastrop to Crossett, described in the application. No certificate under paragraph (18) of section 1 is required relative to the portion of line south of Bastrop, that portion having been in continuous operation in interstate commerce since a date prior to the effective date of said paragraph. We further find that operation of that portion of the road extending from Rolfe Junction to Hamburg was discontinued prior to the effective date of paragraph (18) of section 1 of the act, under such circumstances as clearly indicate an intention to effect a complete and permanent abandonment, and that no certificate for such abandonment is required. We further find that the contracts made by the applicant with the Missouri Pacific Railroad Company and with the Louisiana & Pine Bluff Railway Company grant the applicant trackage rights only and therefore do not fall within the jurisdiction conferred by paragraph (18), section 1, and that a certificate for authority to exercise such trackage rights is unnecessary.

A certificate and order will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the acquisition and operation by the Arkansas & Louisiana Missouri Railway Company of a line of railroad extending from Bastrop, La., to Crossett, Ark., described in the report aforesaid;

It is ordered, That said Arkansas & Louisiana Missouri Railway Company be, and it is hereby, authorized to acquire and operate said line of railroad.

It is further ordered, That all other matters involved in said proceeding be, and they are hereby, dismissed.

And it is further ordered, That said Arkansas & Louisiana Missouri Railway Company, when filing schedules establishing rates and fares to and from points on said line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

67 I. C. C.

FINANCE DOCKET No. 1079.

IN THE MATTER OF THE APPLICATION OF THE ARKANSAS RAILROAD FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted May 18, 1921. Decided June 21, 1921.

Proposed acquisition and operation by the Arkansas Railroad of a line of railroad in Lincoln county, Ark., held not to be within the scope of paragraph (18), section 1, of the interstate commerce act. Proceeding dismissed.

Clyde E. Fish for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Arkansas Railroad, a corporation organized for the purpose of engaging in interstate commerce by railroad, on October 29, 1920, filed its application under paragraphs (18) to (20), inclusive, of section 1 of the interstate commerce act for a certificate that the present and future public convenience and necessity require the acquisition and operation by it of the line of railroad formerly owned by the Gould Southwestern Railway Company, in Lincoln county, Ark. No application under section 5 of the act has been filed. A hearing was held for us by the Corporation Commission of Arkansas and that commission has recommended that the application be granted.

Upon consideration of the record we find that the application concerns the acquisition and operation of a line of railroad which was in operation in interstate commerce prior to the effective date of said paragraph (18). Under the circumstances it is our opinion that the proposals do not fall within the prohibition of that paragraph.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 1107.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted May 11, 1921. Decided June 21, 1921.

Proposed acquisition and operation by the Pittsburgh & West Virginia Railway Company of a line of railroad in Allegheny county, Pa., held not to be within the scope of paragraph (18), section 1, of the interstate commerce act. Proceeding dismissed.

Arthur H. Van Brunt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Pittsburgh & West Virginia Railway Company, a carrier by railroad subject to the interstate commerce act, on November 26, 1920, filed its application under paragraph (18), section 1, of the interstate commerce act, for a certificate that the present and future public convenience and necessity require the acquisition and operation by it of the line of railroad now owned and operated by the West Side Belt Railroad Company, in Allegheny county, Pa. In our order entered August 23, 1920, in *Pittsburgh & W. Va. Ry. Control of W. S. B. R. R.*, 65 I. C. C., 124, authority was given the Pittsburgh & West Virginia to acquire control of the West Side Belt by purchase of capital stock.

Upon consideration of the record we find that the application concerns the acquisition and operation of a line of railroad which was in operation in interstate commerce prior to the effective date of said paragraph (18). Under the circumstances it is our opinion that the proposals do not fall within the prohibition of that paragraph.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

67 I. C. C.

FINANCE DOCKET No. 1372.

IN THE MATTER OF THE APPLICATION OF THE TEXAS
CITY TERMINAL RAILWAY COMPANY FOR A CERTIFI-
CATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted May 13, 1921. Decided June 21, 1921.

Proposed acquisition and operation by the Texas City Terminal Railway Company of a line of railroad in Galveston county, Tex., held not to be within the scope of paragraph (18), section 1, of the interstate commerce act. Proceeding dismissed.

E. A. Bynum for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Texas City Terminal Railway Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, on May 23, 1921, filed its application under paragraph (18) of section 1 of the interstate commerce act for a certificate that the present and future public convenience and necessity require the acquisition and operation by it of the line of railroad formerly owned by the Texas City Transportation Company and operated by the Texas City Terminal Company, as lessee, in Galveston county, Tex. No application under section 5 of the act was filed.

Upon consideration of the record, we find that the application concerns the acquisition and operation of a railroad which was in operation in interstate commerce prior to the effective date of paragraph (18) of section 1 of the interstate commerce act, and in our opinion the proposals do not fall within the prohibition of that paragraph. An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.
67 I. C. C.

FINANCE DOCKET No. 1045.

IN THE MATTER OF THE APPLICATION OF THE ALABAMA & VICKSBURG RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONAL LOCOMOTIVES.

Approved June 22, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

Second Amendment to Certificate No. 73.

The Interstate Commerce Commission hereby further amends its certificate No. 73, of March 3, 1921, as amended March 28, 1921, for a loan of \$1,564,000 to the Alabama & Vicksburg Railway Company, hereinafter referred to as the applicant, by canceling that part of the loan for \$170,000, in respect of freight locomotives, referred to in subparagraph (b) of paragraph 5 of certificate No. 73; so that the entire amount of the loan to the applicant shall be \$1,394,000 in respect of maturing indebtedness referred to in subparagraph (a) of paragraph 5 of said certificate No. 73.

Done at Washington, D. C., this 22d day of June, 1921.

67 I. C. C.

FINANCIAL DOCKET No. 1066.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE ORANGEBURG RAILWAY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted June 14, 1921. Decided June 23, 1921.

Certificate issued authorizing the abandonment of a line of railroad between Orangeburg and North, S. C.

Robert Lide for applicant.

James F. Wright for Seaboard Air Line Railway Company.

T. R. Smith for citizens of Orangeburg and vicinity.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

C. E. Denniston, receiver of the Orangeburg Railway, a carrier subject to the interstate commerce act, on October 30, 1920, filed an application for a certificate that the present and future public convenience and necessity permit the abandonment of the line of railroad known as the Orangeburg Railway, extending from Orangeburg to North, S. C., a distance of 17.7 miles. The case was heard for us by the Railroad Commission of South Carolina, which recommended that the application be granted.

The line in question was completed and placed in operation in 1913. The original plan, to extend through to Charleston, Columbia, and Augusta, was never consummated. The company leased the necessary rails for this construction from the Seaboard Air Line Railway Company, hereinafter termed the Seaboard. Bonds were issued in the amount of \$100,000, of which the city of Orangeburg owns \$20,000, and \$80,000 are held by the Seaboard as collateral security for loans and advances. The road has never earned fixed charges, and a receiver of the property was appointed in 1916, there being at that time an indebtedness of \$50,000, of which \$40,000 was owing to the Seaboard. The latter now also holds \$63,000 receiver's certificates. Accrued rentals due the Seaboard on the lease of rails have not been paid, the revenues being insufficient to pay operating expenses and taxes. The latter item has been taken care of by using moneys due the Seaboard as its proportion of freight and passenger revenues on through business.

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The road is in bad physical condition, and operation would be dangerous without the expenditure of at least \$50,000 for repairs. It has always leased the equipment used, with the exception of one passenger coach and one locomotive. The latter has not been paid for. One train a day each way was operated up to October 16, 1920, since which time no service has been given. The line handled an average of 742 passengers per month, and freight traffic amounted to approximately 375 cars per year. There are but two stations between Orangeburg and North, neither of which is an agency station. The territory is almost entirely devoted to agriculture.

Citizens of the communities served are desirous of having the service preserved, and some negotiations have been had between the Seaboard and local parties with that end in view, but nothing concrete has resulted therefrom, and it is the opinion of the state commission that the matter should be disposed of at this time, leaving it to the future to bring about some arrangement for service if possible. There is no contention by any one that the line can be rehabilitated and made to earn operating expenses and taxes, to say nothing of outstanding claims of the Seaboard.

Discontinuance of operation in October, 1920, resulted from an order issued by the state court which had jurisdiction of the receivership. The court later authorized the receiver to file this application.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the line. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment of the line of railroad described in said report.

It is ordered, That C. E. Denniston, receiver of said Orangeburg Railway be, and he is hereby, authorized to abandon said line of railroad.

It is further ordered, That said receiver, when filing schedules canceling tariffs applicable to said line of railroad, shall in such schedules, make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1475.

IN THE MATTER OF THE APPLICATION OF THE SALT LAKE & UTAH RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND PROVIDING ADDITIONS AND BETTERMENTS.

Submitted June 15, 1921. Decided June 23, 1921.

Application granted and loan of \$700,000 approved.

W. C. Orem and Ross Beason for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Salt Lake & Utah Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 11, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness and providing itself with additions and betterments to way and structures.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$700,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows: Maturing indebtedness, \$739,232.67; additions and betterments, \$80,602.08; total estimated cost, \$819,834.75; to be financed by applicant, \$119,834.75; loan desired from the United States, \$700,000.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$600,000 of applicant's first-mortgage 6 per cent bonds, together with \$500,000, par value, of its first-preferred cumulative 7 per cent stock.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit and promote the movement of freight-train cars.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The American Short Line Railroad Association recommended a loan to the applicant of \$700,000 for the purposes outlined in the application.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinbelow set forth:

Purposes.	Principal Amount.	Financed by applicant.	Loan by United States.
<i>Matured indebtedness.</i>			
Six per cent semiannual interest on \$1,350,100 first-mortgage bonds; interest due April 1, 1921.	\$40,503.00		
Note to Intermountain Electric Company, Salt Lake City, due April 17, 1921.	1,102.10		
Note to Walker Brothers, Salt Lake City, due April 29, 1921.	5,000.00		
Freight-car trust notes, serial payment to Northern Trust Company, Chicago, due May 1, 1921.	7,000.00		
Seven per cent semiannual interest on \$121,000 of above, due May 1, 1921.	4,235.00		
Freight-locomotive trust notes, serial payment to Bankers Trust Company, Salt Lake City, due May 1, 1921.	4,051.20		
Six per cent quarterly interest on \$68,870.40 of above, due May 1, 1921.	1,033.06		
Note to Intermountain Electric Company, due May 17, 1921.	1,102.10		
Note to Walker Brothers, Salt Lake City, due May 29, 1921.	25,000.00		
Note to Walker Brothers, Salt Lake City, due May 29, 1921.	5,000.00		
Note to Continental National Bank, Salt Lake City, due June 28, 1921.	15,000.00		
Eight per cent interest on same from March 30, 1921, due June 28, 1921.	300.00		
Note to Walker Brothers, Salt Lake City, due June 30, 1921.	5,000.00		
Sinking-fund payment, 1 per cent of bonds outstanding, payable to Continental & Commercial Trust & Savings Bank, trustee, Chicago, Ill., due July 1, 1921.	22,843.00		
Note to Walker Brothers, Salt Lake City, due July 30, 1921.	5,000.00		
Unretired principal of three-year bond-secured note issue, due August 1, 1921.	472,400.00		
Seven per cent semiannual interest on same, due August 1, 1921.	16,434.00		
Freight-locomotive trust notes, serial payment to Bankers Trust Company, Salt Lake City, due August 1, 1921.	4,051.20		
Six per cent quarterly interest on \$64,819.20 of same, due August 1, 1921.	972.59		
Note to Walker Brothers, Salt Lake City, due August 30, 1921.	5,000.00		
Note to Fisher Corporation, Salt Lake City, due September 22, 1921.	10,100.00		
Eight per cent interest on same from September 22, 1920, due September 22, 1921.	800.00		
Note to Walker Brothers, Salt Lake City, due September 30, 1921.	5,000.00		
Six per cent semiannual interest on \$1,350,100 first-mortgage bonds, payable to Continental & Commercial Trust & Savings Bank, trustee, Chicago, Ill., due October 1, 1921.	40,503.00		
Freight-car trust notes, serial payment to Northern Trust Company, trustee, Chicago, Ill., due November 1, 1921.	7,000.00		
Seven per cent semiannual interest on \$114,000 of same, due November 1, 1921.	3,990.00		
Freight-locomotive trust notes, serial payment to Bankers Trust Company, Salt Lake City, due November 1, 1921.	4,051.20		
Six per cent quarterly interest on \$60,768.10 of same, due November 1, 1921.	911.52		
Note to F. G. Drummerhausen, Salt Lake City, due November 5, 1921.	1,000.00		
Seven and one-half per cent interest on total loan of \$2,000 from December 5, 1920, payable to F. G. Drummerhausen, Salt Lake City, due November 5, 1921.	150.00		
Total maturities	714,532.67		

Purposes.	Principal Amount.	Financed by applicant.	Loan by United States.
<i>Additions and betterments.</i>			
500 k. w. substation, Curtis, Utah, necessary to supply adequate power for autumn traffic and calculated to promote car movement:			
Equipment purchased from Westinghouse Electric & Manufacturing Company, \$34,250.....	\$34,250.00		
Estimated cost of building, \$18,000.....	18,000.00		
Addition to repair shop.....	635.14		
1,300-foot passing track, Cutler, Utah.....	4,612.61		
Concrete walk for protection of Provo River bridge.....	2,000.00		
Building four 30-ton flat cars (running gears on hand).....	2,000.00		
Electrification of Springville trestle.....	1,000.00		
450-foot spur at Provo Junction.....	750.00		
Total additions and betterments.....	63,247.75		
Grand total.....	777,780.42	\$77,780.42	\$700,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 103 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$700,000 by the United States to the Salt Lake & Utah Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness and providing itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$700,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

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5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$600,000, principal amount, of applicant's first-mortgage 30-year 6 per cent gold bonds, due 1944, issued under an indenture of mortgage, dated April 1, 1914, executed and delivered by the applicant to the Continental & Commercial Trust & Savings Bank, of Chicago, Ill., as trustee. Said bonds are in definitive coupon form, having coupon due October 1, 1921, and all subsequent coupons attached, are in denomination of \$1,000, numbered, inclusive, M-1030 to M-1215, M-1267 to M-1317, M-1322 to M-1610, and in denomination of \$500, numbered, inclusive, C-412 to C-470 and C-486 to C-574. The loan shall be further secured by the pledge of \$500,000, par value, of applicant's 7 per cent cumulative first-preferred stock, evidenced by certificates numbered, inclusive, 1-P-272 to 1-P-278 for 79 shares each, 1-P-279 to 1-P-286 for 78 shares each, and 1-P-287 for 3,823 shares, issued in the name of F. M. Orem, treasurer, indorsed in blank.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 23d day of June, 1921, filed with the Interstate Commerce Com-

mission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 8 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for electric roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the applicant for additions and betterments, shall have been expended or definitely obligated for said purposes, or the entire loan for additions and betterments shall be repaid to the United States, on or before July 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 25th day of June, 1921.

Amendment to Certificate No. 103.

The Interstate Commerce Commission hereby amends its certificate No. 103, June 25, 1921, to the Secretary of the Treasury for a loan of \$700,000 to the Salt Lake & Utah Railroad Company, by changing subparagraph (a) of paragraph 5 of said certificate No. 103 to read as follows:

(a) The loan shall be secured by the pledge of \$600,000, principal amount, of applicant's first-mortgage 30-year 6 per cent gold bonds, 67 I. C. C.

due 1944, issued under an indenture of mortgage, dated April 1, 1914, executed and delivered by the applicant to the Continental & Commercial Trust & Savings Bank, of Chicago, Ill., as trustee. Said bonds are in definitive coupon form, having coupon due October 1, 1921, and all subsequent coupons attached, are in denomination of \$1,000, numbered, both inclusive, M-1030 to M-1215, M-1267 to M-1317, M-1322 to M-1610; and in denomination of \$500, numbered both inclusive, D-412 to D-470 and D-486 to D-574. The loan shall be further secured by the pledge of \$500,000, par value, of applicant's 7 per cent cumulative first-preferred stock, evidenced by certificates numbered, both inclusive, 1-P-272 to 1-P-278 for 79 shares each, 1-P-279 to 1-P-286 for 78 shares each, and 1-P-287 for 3.823 shares, issued in the name of F. M. Orem, treasurer, indorsed in blank.

Done at Washington, D. C., this 6th day of July, 1921.

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FINANCE DOCKET No. 83.

IN THE MATTER OF THE APPLICATION OF THE NEW ORLEANS, TEXAS & MEXICO RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES, TO EXECUTE A PURCHASE CONTRACT, TO ISSUE BONDS AND STOCK CERTIFICATES, AND TO PLEDGE BONDS.

Submitted May 18, 1921. Decided June 24, 1921.

Authority granted:

1. To issue conditional-sale purchase notes in an aggregate amount not to exceed \$3,499,122.50 for conditional purchase of equipment under the terms of a carrier contract entered into pursuant to National Railway Service Corporation's equipment trust, first series, conditional-sale basis.
2. To assume obligation or liability, as indorser and guarantor (a) in respect of a promissory note for \$926,000 to be given by the National Railway Service Corporation to the United States for a loan on account of said equipment, and (b) in respect of \$926,000 of deferred-lien certificates to be issued by that corporation under the carrier contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan.
3. To issue \$700,000 of first-mortgage 6 per cent gold bonds, series A, and to pledge \$233,000 of said bonds with the Secretary of the Treasury as additional security for the note and loan, and \$467,000 of said bonds with the Guaranty Trust Company of New York, trustee, as security for the performance by the applicant of its obligations under the carrier contract and trust agreement.

Order entered January 18, 1921, vacated and set aside in part.

Frank Andrews for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New Orleans, Texas & Mexico Railway Company, by a supplemental application filed in this proceeding on May 18, 1921, has duly applied for authority under section 20a of the interstate commerce act (1) to issue \$3,499,122.50 of its conditional-sale purchase notes pursuant to a contract for the conditional purchase of equipment entered into by and between the National Railway Service Corporation (hereinafter termed the service corporation), the Guaranty Trust Company of New York, and the applicant, known as carrier contract No. 2, subject to the terms of the equipment trust, first series, conditional-sale basis, of the service corporation; (2) to as-

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sume obligation or liability, as indorser and guarantor, in respect of a promissory note for \$926,000 to be given by the service corporation to the United States for a loan of that amount under section 210 of the transportation act, 1920, as amended, to the service corporation for the benefit of the applicant on account of the equipment, and in respect of \$926,000 of deferred-lien certificates to be issued by the service corporation under said contract and the trust agreement, and pledged by it with the Secretary of the Treasury as part security for the loan and note; and (3) to pledge \$233,000 of the \$800,000 of its first-mortgage 6 per cent gold bonds, series A, the issue of which has heretofore been authorized by us, with the Secretary of the Treasury as additional security for the loan from the United States to the service corporation, and \$467,000 of said bonds with the Guaranty Trust Company of New York, trustee, as security for the performance by the applicant of its obligations under said carrier contract and trust agreement.

We have heretofore approved the service corporation as an agency or organization, in the language of the statute, "most appropriate in the public interest," to or through which loans for equipment authorized by section 210 of the transportation act, 1920, as amended, may be made for the construction and sale or lease of equipment to carriers. By our certificate No. 76, in *Loan to New Orleans, Texas & Mexico Ry.*, 67 I. C. C., 219, dated March 2, 1921, we have approved the making of a loan of \$926,000 from the United States to the service corporation, under section 210, for the purpose of aiding the applicant in providing itself with equipment necessary to enable it properly to meet the needs of the public.

The loan of \$926,000 is to be made available through the equipment trust for the use of the applicant in the purchase of the equipment, and the service corporation will procure from other sources \$1,389,000, which will also be available for such use. The conditional-sale purchase notes will evidence the obligation of the applicant to pay for the equipment thus made available through the trust. The applicant will indorse and guarantee the note of the service corporation to the United States evidencing the loan, in accordance with the requirements of our certificate No. 76. The applicant will indorse and guarantee also \$926,000 of deferred-lien certificates, which are to be issued under the carrier contract and trust agreement by the service corporation, and pledged by it with the Secretary of the Treasury as part security for the note and loan. As additional security therefor, the applicant is to pledge with the Secretary of the Treasury \$233,000 of its first-mortgage 6 per cent gold bonds, series A, and it is to pledge \$467,000 of such bonds with the Guaranty Trust Company of New York, trustee, as security for the per-

formance by the applicant of its obligations under the carrier contract and trust agreement.

In our original order in this proceeding, dated January 18, 1921, the applicant was authorized to issue \$800,000 of such bonds, and \$530,000, or such an amount as might be required, of 5 per cent non-cumulative income bonds, series A, and to pledge those bonds with the Secretary of the Treasury as security for a contemplated loan of \$1,759,219. None of these bonds have been issued. Our supplemental order will therefore revoke this authorization and substitute provisions consistent with the present plan.

We find that the proposed issue of said conditional-sale purchase notes, the proposed assumption of obligation or liability, as indorser and guarantor, in respect of said promissory note of the service corporation, and in respect of said deferred-lien certificates, and the proposed pledge of bonds by the applicant (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purposes.

An appropriate supplemental order will be entered.

SUPPLEMENTAL ORDER.

(July 12, 1921.)

Investigation of the matters and things involved in the supplemental application herein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized to issue and deliver to the Guaranty Trust Company of New York, trustee, not to exceed \$3,499,122.50, principal amount, of conditional-sale purchase notes, pursuant to a contract between the National Railway Service Corporation, the Guaranty Trust Company of New York, and said New Orleans, Texas & Mexico Railway Company, dated February 1, 1921, and known as carrier contract No. 2, executed pursuant to the terms of the National Railway Service Corporation's equipment trust, first series, conditional-sale basis, dated November 1, 1920; said notes to be issued and to be payable on the dates required by the carrier contract and to be in the form submitted with the application; the \$3,499,122.50, principal amount, of notes being equal to the aggregate of \$2,315,000, principal amount, of trust certificates.

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tificates to be issued as provided in the carrier contract and trust agreement, and \$1,184,122.50, interest thereon.

It is further ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized to assume obligation or liability, as indorser and guarantor (a) in respect of a promissory note to be given by the National Railway Service Corporation to the United States in the principal sum of \$926,000 to evidence a loan under section 210 of the transportation act, 1920, as amended, such indorsement and guaranty to be substantially in the form shown by exhibit C attached to certificate No. 76, dated March 2, 1921, in Finance Docket No. 998, and (b) in respect of \$926,000, principal amount, of deferred-lien certificates to be issued by the National Railway Service Corporation under the carrier contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan.

It is further ordered, That the third granting paragraph of the order entered in this proceeding on January 18, 1921, be, and it is hereby, vacated and set aside.

It is further ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized (1) to issue as of December 1, 1915, \$700,000, principal amount, of bonds to be known as New Orleans, Texas & Mexico Railway Company first-mortgage 6 per cent gold bonds, series A, under and pursuant to, and to be secured by, the first mortgage and deed of trust dated March 1, 1916, made by the applicant to the Columbia Trust Company of New York; these bonds to bear interest at the rate of 6 per cent per annum payable semiannually on the 1st day of June and of December, and the principal of the bonds to be payable October 1, 1925, such bonds to be subject to redemption and to be registrable as provided in the mortgage and deed of trust; and (2) to pledge \$233,000, principal amount, of these bonds with the Secretary of the Treasury as security in part for the loan of \$926,000 from the United States to the National Railway Service Corporation, and \$467,000, principal amount, of the bonds with the Guaranty Trust Company of New York, trustee, as security for the performance of the applicant's obligations under the carrier contract and trust agreement.

It is further ordered, That the conditional-sale purchase notes and said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, except as herein authorized.

It is further ordered, That said applicant shall report to this Commission all pertinent facts relating to (1) the issue of the conditional-sale purchase notes, (2) the indorsement and guaranty of the promissory note of the National Railway Service Corporation,

(3) the indorsement and guaranty of the deferred-lien certificates, and (4) the pledge of the bonds, within 10 days after the same or any of them shall be so issued, indorsed, guaranteed, or pledged; and (5) the payment, discharge, or release from pledge, respectively, of the same, within 10 days after they, or any of them, shall be so paid, discharged, or released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of the conditional-sale purchase notes, or interest thereon, as to any of the bonds, or interest thereon, as to the deferred-lien certificates, or interest or dividends thereon, or as to any assumption of obligation or liability by the applicant in respect of the deferred-lien certificates.

FINANCE DOCKET No. 949.

IN THE MATTER OF THE APPLICATION OF THE CUMBERLAND & MANCHESTER RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Approved June 24, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

Supplemental Certificate No. 93.

The Interstate Commerce Commission hereby supplements its certificate No. 93, of May 28, 1921, as amended June 3, 1921, for a loan of \$375,000 by the United States to the Cumberland & Manchester Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by certifying to the Secretary of the Treasury its further findings of fact pursuant to the provisions of subparagraph (c) of paragraph 5 of said certificate No. 93, as follows:

1. The Union Trust Company of Pittsburgh, Pittsburgh, Pa., hereinafter referred to as the trust company, has certified to the Interstate Commerce Commission, pursuant to provisions of subparagraph (b) of paragraph 5 of said certificate No. 93, and substantially in the form shown in exhibit A attached to said certificate, that Charles F. Heidrick, individually and as trustee, has executed and delivered to the trust company a certain instrument of assignment or pledge substantially in the form shown by exhibit A attached to said certificate No. 93 and made a part thereof.

2. The applicant has complied in all respects with the conditions contained in subparagraph (g), clause (1), of paragraph 5 of said certificate No. 93, and the trust company, as applicant's depository and clearing agent, has certified to the Interstate Commerce Commission pursuant to the provisions of said subparagraph (g), clause (1), of paragraph 5 of said certificate No. 93.

Done at Washington, D. C., this 24th day of June, 1921.

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FINANCE DOCKET No. 1257.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY FOR AUTHORITY TO ISSUE EQUIPMENT NOTES.

Submitted May 9, 1921. Decided June 24, 1921.

Authority granted to issue \$2,400,000 of equipment notes in connection with the procurement of certain equipment.

Henry B. Dike for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Minneapolis, St. Paul & Sault Ste. Marie Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act, to issue equipment notes, series J, in the aggregate amount of \$2,400,000.

While no request for a hearing has been made by any state authority, an answer containing representations on behalf of Michigan has been filed by the Public Utilities Commission of that state, in which dismissal of the application is asked on the ground that we have no jurisdiction. We are of the opinion that we have jurisdiction.

The traffic requirements of the applicant are such that additional equipment is necessary to enable it to render adequate service to the public. The applicant has therefore arranged to purchase, under a proposed agreement of conditional sale with Dillon, Read & Company, hereinafter termed the vendors, and the Central Union Trust Company of New York, trustee, to be dated March 1, 1921, equipment as follows:

	Estimated cost per unit.	Total.
650 box cars.....	\$2, 200	\$1, 430, 000
400 stock cars.....	2, 030	812, 000
250 refrigerator cars.....	3, 600	900, 000
3 dining cars.....	53, 895	161, 685
Total.....		3, 303, 685

By the terms of the proposed agreement, a copy of which was submitted with the application, \$903,685 of the purchase price is payable in cash, on demand, after delivery of the equipment to applicant, and the remaining \$2,400,000 in 10 equal installments of 67 I. C. C.

\$240,000 each. These installments are to be evidenced by 2,400 equipment notes, series J, of \$1,000 each, numbered from 1 to 2,400, dated March 1, 1921, payable to bearer, with interest at the rate of $6\frac{1}{2}$ per cent per annum, payable semiannually on September 1 and March 1; 240 of said notes to mature on the 1st day of March in each year from 1926 to 1935, inclusive. From and after delivery of the equipment applicant will have possession of it and the right to its use, but title thereto will remain in the vendors, for the benefit of the holders of the equipment notes, until the full purchase price, including all the notes representing deferred installments, with interest, shall have been paid, when the title will vest in the applicant.

Sale of the notes is proposed at a price that will produce $97\frac{1}{2}$ per cent of the par value thereof for application to payment of the purchase price. The difference between the face amount and the proposed sale price of the notes, amounting to \$60,000, is to be paid in cash by the applicant.

We find that the proposed issue of notes by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Minneapolis, St. Paul & Sault Ste. Marie Railway Company be, and it is hereby, authorized to issue and sell, at not less than $97\frac{1}{2}$ per cent of par, and accrued interest, not exceeding \$2,400,000 of $6\frac{1}{2}$ per cent equipment gold notes, series J, under and pursuant to, and to be secured by, a proposed agreement of conditional sale, dated March 1, 1921, between Dillon, Read & Company, as vendors, the Central Union Trust Company of New York, as trustee, and the applicant; each of said notes to be in the sum of \$1,000, payable to bearer, dated March 1, 1921, to bear interest at the rate of $6\frac{1}{2}$ per cent per annum, payable semiannually on September 1 and March 1, and to be in the form set forth in said conditional-sale agreement; said notes to mature serially in 10 consecutive annual installments of the principal amount of \$240,000 each, beginning on March 1, 1926, and ending on March 1, 1935, and the

proceeds thereof to be used solely in procurement of equipment as set forth in the application.

It is further ordered, That, within 10 days after the execution and delivery of said conditional-sale agreement, there shall be filed with this Commission a verified copy thereof, as executed.

It is further ordered, That said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, except as herein authorized.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this Commission all pertinent facts relating to (1) the delivery of the equipment; and (2) the issue of said notes, the amount of discount thereon and the application of the proceeds thereof, together with the account or accounts charged therewith; and shall for the period ending March 1, 1926, and for each year thereafter, within 30 days after the close of such period, report to this Commission all pertinent facts relating to the payment or satisfaction of said notes, or any part thereof, and continue to make such yearly reports, until all of said notes shall have been paid or otherwise satisfied, and title to the equipment procured thereby shall have vested in the applicant; each report to be signed and verified by an executive officer of the applicant having knowledge of the matters contained therein.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation on the part of the United States as to said notes or the interest thereon.

FINANCE DOCKET No. 1384.

IN THE MATTER OF THE APPLICATION OF THE GREENE
COUNTY RAILROAD COMPANY FOR AUTHORITY TO
ISSUE FIRST-MORTGAGE BONDS.

Submitted June 7, 1921. Decided June 24, 1921.

Authority granted (1) to issue \$75,000 of first-mortgage 6 per cent gold bonds for pledge with the Secretary of the Treasury as collateral security in part for a loan from the United States; and (2) to issue \$19,000 of first-mortgage 6 per cent gold bonds for delivery in payment of certain indebtedness.

Forest Greene for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Greene County Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$94,000 of its first-mortgage 6 per cent gold bonds; \$75,000 thereof for pledge with the Secretary of the Treasury as collateral security in part for a loan to be made to the applicant by the United States under section 210 of the transportation act, 1920, as amended, and \$19,000 for delivery to Forest Greene, a creditor of the applicant, in full payment of an indebtedness of \$18,890.07. No objection to the granting of the application has been made.

The applicant owns and operates a line of railroad, about 19 miles long, extending from Apalachee to Monroe, both in the state of Georgia.

The proposed issue of bonds will be secured by a first mortgage dated June 1, 1920, made by the applicant to the Trust Company of Georgia, as amended by a supplemental indenture dated May 31, 1921, under which mortgage the issuance of \$100,000 of bonds is authorized. The bonds will become due March 1, 1950, and will bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of March and of September in each year.

By our certificate No. 99 we have heretofore approved a loan of \$60,000 to the applicant by the United States under section 210 of the transportation act, 1920, to be secured in part by a pledge

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of \$75,000 of these bonds. This loan will enable the applicant to pay off practically all of its present indebtedness except a balance of \$18,890.07 due Forest Greene, who is the president of the applicant and who owns 98 per cent of its stock. He has agreed to accept \$19,000 of the proposed issue of bonds in full payment of such balance.

We find that the proposed issue of bonds by the applicant (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Greene County Railroad Company be, and it is hereby, authorized to issue \$94,000, principal amount, of its first-mortgage gold bonds, secured by a mortgage dated June 1, 1920, made by the applicant to the Trust Company of Georgia, as amended by a supplemental indenture dated May 31, 1921, between the same parties; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1950; \$75,000 thereof to be pledged with the Secretary of the Treasury as collateral security, in part, for a loan of \$60,000 to be made to the applicant by the United States under section 210 of the transportation act, 1920, as amended; and \$19,000 thereof to be delivered to Forest Greene in full payment of an indebtedness to him of \$18,890.07 described in the application:

It is further ordered, That, except as herein authorized, such bonds shall not be sold, pledged, or otherwise disposed of by the applicant.

It is further ordered, That the Greene County Railroad Company shall report to this Commission in writing, within 10 days after the delivery, pledge, and release from pledge of said bonds, all pertinent facts pertaining thereto.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1444.

IN THE MATTER OF THE APPLICATION OF THE LOUISIANA RAILWAY & NAVIGATION COMPANY FOR AUTHORITY TO EXECUTE A PURCHASE CONTRACT.

Submitted May 28, 1921. Decided June 24, 1921.

Proposed execution of contract for purchase of locomotive and payment therefor held not to be within the provisions of section 20a of the interstate commerce act. Application dismissed.

E. H. Randolph for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Louisiana Railway & Navigation Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to execute an agreement, dated December 27, 1920, between the applicant and the War Department of the United States, for the purchase of one locomotive for \$25,000. No objections have been made to the granting of the application.

On December 27, 1920, the applicant entered into an agreement with the War Department of the United States, a copy of which was filed with the application, for the purchase from the United States of one locomotive, No. 1132 (L. R. & N. No. 100), for \$25,000, payable \$2,500 in cash upon delivery of the locomotive and the balance in nine equal annual installments of \$2,500 each on November 1 of each year, beginning November 1, 1921, with interest on deferred payments at 6 per cent per annum, payable November 1 in each year. By this agreement the title to the locomotive is to remain in the United States until payment of the total price and interest. Payments thereunder are to be made by certified check to the chief of engineers, United States Army, and, at the option of the purchaser any or all payments may be made prior to the dates upon which they are due. This agreement has been approved by the War Department and accepted by the applicant. It is operative from its date, December 27, 1920.

It appears from the application that no notes covering the deferred payments are proposed to be issued. The agreement above mentioned is referred to as a contract and equipment obligation, but

the application states "No other document signed and no other arrangements made or proposed." It therefore appears that the only "security" to be authorized is the agreement with the War Department dated December 27, 1920, above mentioned. This is not regarded as a security within the meaning of paragraph (2) of section 20a of the interstate commerce act, and we are of the opinion that we have no jurisdiction over the contract or agreement in question.

An order will be entered dismissing the application.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the application of the Louisiana Railway & Navigation Company for authority to execute the agreement described in the said report be, and it is hereby dismissed.

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INDEX DIGEST.

[The numbers in parentheses following citations indicate where subjects are considered.]

ABANDONMENT.

In General:

A project involving purely a relocation of an existing line under which applicant's whole line will still be in service as before, and will render exactly the same service in a new location, found not to constitute an abandonment of a line or the construction of a new line or extension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P., N. & N. Y. R. R., 252.

Paragraph (18) of section 1 of the act provides that no carrier by railroad shall abandon all or any portion of a line of railroad or the operation thereof "after 90 days after this paragraph takes effect." Where operation of a line was discontinued prior to the effective date of this paragraph, under such circumstances as clearly indicate an intention to effect a complete and permanent abandonment, no certificate of public convenience and necessity is required. Public Convenience Application of M. & E. T. Ry., 365 (366).

The Commission recognizes a distinction between abandonment of a line and a cessation of operations on such line. Where the cessation of operation of a particular road amounted to a complete abandonment, not only of the operation of the line, but of the line itself as an instrumentality of interstate commerce, evidenced by the commencement of proceedings in a federal court for the sale of the line as scrap, which proceeding was delayed through no fault of the carrier, and by such carrier's failure to file any annual report with the Commission, indicates that at that time it considered its status as a carrier subject to the act to be definitely at an end. Public Convenience Application of M. & E. T. Ry., 744.

Proposed relocation of a portion of main line, in order to avoid objectionable grades and curves on the original location, and which will result in substantial operating economies, found not to constitute an abandonment of a line within the meaning of paragraph (18) section 1 of the act, and no certificate of public convenience and necessity is necessary. Public Convenience Application of P. R. V. R. R., 748.

Branch Lines:

Atchison, Topeka & Santa Fe Ry. Co., and California, Arizona & Santa Fe Ry. Co., certificate of convenience and necessity authorizing the abandonment of a portion of a branch line in San Bernardino county, Calif., extending from Mile post 30 to Ivanpah, issued. There is no industry or business activity on the branch, few inhabitants, and slight prospect of any future need for continued operation. Public Convenience Certificate to A., T. & S. F. Ry., 145.

Seaboard Air Line Ry. Co., certificate of convenience and necessity authorizing the abandonment of a branch line in Nassau county, Fla., issued. Line was originally constructed to furnish passenger service

ABANDONMENT—Continued.

Branch Lines—Continued.

to Amelia Beach, a resort which has since been abandoned. The branch serves no industries or enterprise of any kind, passes through no town or community, and serves no useful purpose whatever. Public Convenience Certificate to Seaboard Air Line Ry., 258.

Main Line:

Arkansas & Louisiana Missouri Ry. Co., issuance of certificate of convenience and necessity to permit the abandonment of a line of railroad in Ashley county, Ark., found not within the Commission's jurisdiction, applicant having discontinued operation prior to the effective date of paragraph (18) of section 1 of the act, under such circumstances as clearly indicate an intention to effect a complete and permanent abandonment. Certificate to Arkansas & Louisiana Missouri Ry., 781.

Marshall & East Texas Ry. Co., certificate of convenience and necessity to abandon its line in Wood, Upshur, and Harrison counties, Tex., found not within the Commission's jurisdiction, applicant having ceased operation, under order of a federal court, prior to the effective date of paragraph (18) of section 1 of the act. Public Convenience Application M. & E. T. Ry., 365. Affirmed on reargument in 67 I. C. C., 744.

Ocean Shore R. R. Co., certificate of convenience and necessity authorizing the abandonment of its line in California, issued. Gross revenues have never equaled operating expenses, traffic has diminished progressively, chiefly because of increasing competition by motor vehicles, but little use has been made of the service in the past and there is little, if any, prospect that the line can be made to serve any useful purpose in the future. Public Convenience Certificate to Ocean Shore R. R., 760.

Orangeburg Ry., certificate authorizing the abandonment of its line of railroad between Orangeburg and North, S. C., issued. The road has never earned fixed charges, is in bad physical condition, and operation would be dangerous without the expenditure of a large sum for repairs. Furthermore, there is no contention by any one that the line can be rehabilitated and made to earn operating expenses and taxes, to say nothing of outstanding claims against it. Certificate to Orangeburg Ry., 789.

Patterson & Western R. R. Co., certificate of convenience and necessity authorizing the abandonment of its line in Stanislaus county, Calif., issued. Line was originally built to afford access to mineral deposits, which were then supposed to be valuable. Supposition was later found erroneous, and idea of developing the deposits was abandoned. There is little traffic available at present, and no prospect of any substantial amount in the near future. Public Convenience Certificate to P. & W. R. R., 746.

Spokane & British Columbia Ry. Co., certificate of convenience and necessity authorizing the abandonment of its railroad in the state of Washington, issued. Partly by reason of the competition of a parallel line passing through the same communities and partly because the output of some of the mines served has not fulfilled early expectations, the applicant has never obtained sufficient traffic to support its line. Public Convenience Certificate to S. & B. C. Ry., 884.

ABANDONMENT—Continued.

Terminals: Copper Range R. R. Co., proposal to abandon operation over a portion of the tracks of the Chicago, Milwaukee & St. Paul Ry. Co., and discontinue the joint use of the latter company's station at Mass, Mich., under a trackage right conveyed by contract, held not to fall within the Commission's jurisdiction conferred by paragraph (18), section 1 of the act, and certificate of convenience and necessity is unnecessary. Certificate of Copper Range R. R., 502.

Trackage Rights: Copper Range R. R. Co., proposal to abandon operation over a portion of the tracks of the Chicago, Milwaukee & St. Paul Ry. Co. and discontinue the joint use of the latter company's station at Mass, Mich., under a trackage right conveyed by contract, held not to fall within the Commission's jurisdiction conferred by paragraph 18, section 1 of the act, and certificate of convenience and necessity is unnecessary. Certificate of Copper Range R. R., 502.

ACQUISITION OF CONTROL.

Arkansas & Louisiana Missouri Ry. Co., certificate of convenience and necessity authorizing the acquisition and operation of a line of railroad in Louisiana and Arkansas, issued. Road serves one of the greatest proven, but only partially developed, gas fields, important industries are located along its line, and a considerable industrial development is taking place in the territory which it will serve. Certificate to Arkansas & Louisiana Missouri Ry., 781.

Arkansas R. R., issuance of certificate of convenience and necessity to acquire and operate a line of railroad formerly owned by the Gould Southwestern Ry. Co., in Lincoln county, Ark., found unnecessary, as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Certificate to Arkansas R. R., 785.

Atchison, Topeka & Santa Fe Ry. Co., certificate of convenience and necessity authorizing the operation of the Buffalo Northwestern R. R. Co., a noncompeting carrier in Oklahoma, issued. Continued independent operation would require separate operating organization, rolling stock, accounting, and other separate functions which would increase operating expenses of the line without compensating advantages to the public; the applicant has ample organization and equipment to operate the property; and such operation would eliminate duplication and effect economies which will be in the public interest. Public Convenience of A., T. & S. F. Ry., 374.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.:

Authority to acquire control of the Evansville, Indianapolis & Terre Haute Ry. Co., by purchase of entire capital stock, approved and authorized. Such acquisition will result in more efficient and economical operation, and will facilitate putting the road in a position where it will be able properly to care for the needs of the communities it serves. Stock Control of E., I. & T. H. Ry. Co. by C., C. C. & St. L. Ry., 513.

Authority to issue refunding and improvement mortgage bonds, and use them in the acquisition of the entire capital stock of the Evansville, Indianapolis & Terre Haute Ry. Co. granted. Bonds of C., C. C. & St. L. Ry., 675.

Duluth & Iron Range R. R. Co., certificate of convenience and necessity to operate trains over a branch line in St. Louis county, Minn., found

ACQUISITION OF CONTROL.—Continued.

unnecessary as applicant began operation of this line prior to effective date of paragraph (18) of section 1 of the act. Public Convenience of D. & I. R. R. R., 454.

Evansville, Indianapolis & Terre Haute Ry Co., proposed acquisition and operation of a line in Indiana heretofore owned and operated by the Evansville & Indianapolis R. R., which does not involve the acquisition or operation of a new line or extension of railroad, but concerns a road which was constructed and in operation prior to the effective date of paragraphs 18 to 20 of section 1 of the act, found not within the Commission's jurisdiction, and certificate of convenience and necessity is unnecessary. Public Convenience Application of E., I. & T. H. Ry., 509.

Grand Trunk Western Ry. Co., proposed acquisition and operation of the Lansing Connecting R. R., in Ingham county, Mich., which was in operation in interstate commerce prior to the effective date of paragraph (18) of section 1 of the act, found not within the Commission's jurisdiction, and certificate of convenience and necessity is unnecessary. Public Convenience Application of G. T. W. Ry., 780.

Missouri-Illinois R. R. Co., certificate of convenience and necessity issued authorizing the acquisition and operation of a line of railroad in Illinois and Missouri, heretofore abandoned for railroad purposes. Applicant should be given opportunity to render a needed service which the property is capable of affording. Certificate of Missouri-Illinois R. R., 283.

Missouri Pacific R. R. Co., certificate of convenience and necessity for the acquisition and operation of the line of railroad heretofore owned and operated by the Little Rock & Argenta Ry. Co., in Pulaski county, Ark., held not to be within the Commission's jurisdiction. Proposal does not involve the construction, operation, or extension of a new line of railroad, subsequent to the effective date of paragraph (18) of section 1, nor the operation of a carrier not heretofore engaged in interstate or foreign commerce. Public Convenience of Missouri Pacific R. R., 479.

Pennsylvania R. R. Co., authority granted to acquire control of the Pittsburgh, Fort Wayne & Chicago Ry. Co., by the purchase from the Pennsylvania Co. of special guaranteed stock; and as part consideration therefor the Pennsylvania R. R. Co. authorized to assume obligations of the Pennsylvania Co. in respect to the payment of the principal and interest of guaranteed trust certificates issued by the Pennsylvania Co. Control of P., Ft. W. & C. Ry., 752.

Pittsburgh & West Virginia Ry. Co., certificate of convenience and necessity to acquire and operate the West Side Belt R. R. Co., in Allegheny county, Pa., found unnecessary, as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Pittsburgh & West Virginia Ry. Co., 786.

Tennessee & North Carolina Ry. Co., proposed acquisition and operation of a line of railroad in Tennessee and North Carolina, which does not involve the acquisition or operation of a new line of railroad or extension thereof, but concerns a road constructed and operated prior to the effective date of paragraph (18) of section 1 of the act, found not within the Commission's jurisdiction, and certificate of convenience and necessity is unnecessary. Public Convenience Application of T. & N. C. Ry., 779.

ACQUISITION OF CONTROL—Continued.

Texas City Terminal Ry. Co., issuance of certificate of convenience and necessity to acquire and operate the line of railroad formerly owned by the Texas City Transportation Co. and operated by the Texas City Terminal Co., as lessee, in Galveston county, Tex., found unnecessary as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Certificate to Texas City Terminal Ry., 787.

ADDITIONS AND BETTERMENTS.

- Chesapeake & Ohio Ry. Co., loan to aid in providing, to way and structures, granted. Loan to Chesapeake & Ohio Ry., 407.
- Detroit, Toledo & Ironton R. R. Co., authority to issue and sell first-mortgage bonds for the purpose of reimbursing its treasury for certain expenditures made for additions and betterments, granted. Bonds of Detroit, Toledo & Ironton R. R., 688.
- Elberton & Eastern R. R. Co., authority to issue first-mortgage bonds (now held in applicant's treasury), the proceeds to be used to reimburse its treasury for certain additions and betterments to its line of railroad, granted. Bonds of Elberton & Eastern R. R., 769.
- Evansville, Indianapolis & Terre Haute Ry. Co., application for loan to provide, to way and structures, granted. Loan to Evansville, Indianapolis & Terre Haute Ry., 540.
- Fernwood, Columbia & Gulf R. R. Co., application for loan to aid in providing, granted. Loan to Fernwood, Columbia & Gulf R. R., 402.
- Fort Dodge, Des Moines & Southern R. R. Co., application for a loan to aid in providing, to existing equipment, granted. Loan to Fort Dodge, Des Moines & Southern R. R., 286.
- Georgia & Florida Ry., application for loan to provide, to roadway, granted. Loan to Georgia & Florida Ry., 301.
- Indiana Harbor Belt R. R. Co., application for a loan to provide, to miscellaneous equipment and way and structures, granted. Loan to Indiana Harbor Belt R. R., 89.
- International & Great Northern Ry. Co., application for loan to provide, to way and structures, granted. Loan to International & Great Northern Ry., 129.
- Interstate R. R. Co., authority to issue and sell capital stock, the proceeds to be used solely to make certain additions and betterments to road and equipment, and to reimburse its treasury for moneys heretofore expended for certain other additions and betterments, granted. Stock of Interstate R. R., 421.
- Kansas City Southern Ry. Co., authority to issue promissory notes in respect to the purchase of certain land required for roundhouse and switch-track purposes, granted. Notes of Kansas City Southern Ry., 488.
- Louisville & Jeffersonville Bridge & R. R. Co., application for loan to provide, to way and structures, granted. Loan to Louisville & Jeffersonville Bridge & R. R., 81.
- Muskegon Ry. & Navigation Co., authority to issue and sell common capital stock and first-mortgage bonds, the proceeds to be used solely for construction purposes and acquisition of equipment, granted. Securities of Muskegon Ry. & Nav. Co., 527.
- New Orleans, Texas & Mexico Ry. Co., application for loan to provide, to way and structures, granted. Loan to New Orleans, Texas & Mexico Ry., 73.

ADDITIONS AND BETTERMENTS—Continued.

Norfolk & Western Ry. Co., authority to sell convertible gold bonds for the purpose of reimbursing its treasury for capital expenditures made for additions and betterments, granted. Bonds of Norfolk & Western Ry., 606.

Norfolk Southern R. R. Co., application for a loan to provide for the regrading and realignment of way and structures, granted. Loan to Norfolk Southern R. R., 108.

Richmond Terminal Ry. Co., authority to issue promissory notes for the purpose of obtaining funds to pay the balance of an indebtedness due the Richmond, Fredericksburg & Potomac R. R. Co., and the U. S. Railroad Administration for additions and betterments made to the applicant's property during the period of federal control, granted. Notes of Richmond Terminal Ry. Co., 280.

Salt Lake & Utah R. R. Co., application for loan to provide, to way and structures, granted. Loan to Salt Lake & Utah R. R., 791.

Seaboard Air Line Ry. Co.:

Application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Seaboard Air Line Ry., 295.

Upon supplemental report, authority granted to divert part of the proceeds of the loan certified in 65 I. C. C., 163, for providing itself with additions and betterments to roadway and equipment, to a certain purpose, thereby reducing expenditures for other purposes in like amount, granted. Partial Diversion of Loan to Seaboard Air Line Ry., 686.

Terminal R. R. Association of St. Louis, authority to issue general-mortgage bonds to reimburse its treasury for expenditures for additions and betterments, granted. Bonds of Terminal R. R. Asso. of St. Louis, 771.

Toledo, St. Louis & Western R. R. Co., application for loan to aid in providing, to way and structures, granted. Loan to Toledo, St. Louis & Western R. R., 549.

Waterloo, Cedar Falls & Northern Ry. Co., application for loan to provide, to way and structures, granted in part. Loan to Waterloo, Cedar Falls & Northern Ry., 325.

Wichita Northwestern Ry. Co., application for loan to aid in providing, to way and structures, granted. Loan to Wichita Northwestern Ry., 522.

Wisconsin & Northern R. R. Co., authority to issue certain short-term notes representing additions and improvements to the property, and to renew such notes for certain specified periods, granted. Notes of Wisconsin & Northern R. R., 14.

ADVANCES TO CARRIERS.

Amounts necessary to make good the guaranty of section 209 of the transportation act, 1920, ascertained, and final settlements made with the following carriers by deducting therefrom amounts heretofore certified for payment as advances under that section:

Ann Arbor R. R. Co., 713.

Electric Short Line Ry. Co. (Minnesota), 726.

AGREEMENTS. See **CONTRACTS**; **LEASE**.

BETTERMENTS. See **ADDITIONS AND BETTERMENTS**.

BLANKET AUTHORITY.

Securities Issues: The Commission is required to make investigation of securities before authorizing their issue and can not with propriety issue general authority to pledge as collateral security bonds, stocks, or other

BLANKET AUTHORITY—Continued.

securities of any and every character and description which are or may hereafter be held in the treasury of an applicant. Application of W. & L. E. Ry. to Pledge Securities, 293.

BONDHOLDERS. See **SECURITY HOLDERS.**

BONDS.

In General: Bonds issued and delivered without authorization of the Commission having first been obtained, as provided in section 20a of the act, are, by the plain terms of the statute, void, and no means are provided for validating them. They are not obligations of the applicant and may not be carried on its books as such. Bonds of Chicago & Western Indiana R. R., 609.

Alabama & Vicksburg R. R. Co., authority to issue promissory notes in payment of maturing first-mortgage bonds; to issue first-mortgage bonds under a proposed mortgage; to pledge said bonds as collateral security for said promissory notes; and to pledge said bonds with the Secretary of the Treasury as security for loans from the United States, granted. Notes of Alabama & Vicksburg Ry., 233.

Alaska Anthracite R. R. Co., authority to issue and sell first-mortgage gold bonds, the proceeds thereof to be used to pay for construction and equipment and to discharge bonds and other indebtedness, granted. Applicant proposes to resume construction work of the line which was suspended because of war conditions, and to complete and equip its railroad during the current open season. Bonds of Alaska Anthracite R. R., 663.

Ann Arbor R. R. Co.:

Authority to pledge improvement and extension mortgage bonds with the War Finance Corporation, as substitute security for a demand note, granted. Pledge of Bonds by Ann Arbor R. R., 330.

Upon supplemental report, former report 67 I. C. C., 330, authority granted to pledge with the Director General of Railroads improvement and extension mortgage bonds as collateral in substitution for secured notes now constituting part of the collateral security for certain demand notes. Bonds of Ann Arbor R. R., 503.

Baltimore & Ohio R. R. Co.:

Authority to pledge from time to time refunding and general mortgage bonds as security for short-term notes which may be issued without the Commission's authorization having first been obtained, the proceeds to be used to meet temporary requirements, granted. Bonds of Baltimore & Ohio R. R., 10.

Authority granted to issue refunding and general mortgage bonds under a certain mortgage, and to pledge and repledge, from time to time, until otherwise ordered, all or any part thereof, as collateral security for note or notes that may be issued without the Commission's authorization having first been obtained; and authority granted to subsidiaries of said railroad to issue various bonds and deliver them upon its order to trustees under certain mortgages. Bonds of Baltimore & Ohio R. R., 341.

Bergen County R. R. Co., authority to enter into extension supplements with holders of first-mortgage bonds, extending the maturity date thereof, and increasing the rate of interest, granted. Bonds of Bergen County R. R., 352.

BONDS—Continued.

Buffalo, Rochester & Pittsburgh Ry. Co., authority to issue consolidated-mortgage bonds, and to pledge or repledge, from time to time, until otherwise ordered, all or part of the same as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 1 of the act without the Commission's authorization having first been obtained, granted. Bonds of Buffalo, Rochester & Pittsburgh Ry., 636.

Central of Georgia Ry. Co., authority to procure authentication and delivery of its refunding and general mortgage bonds, under and pursuant to a certain mortgage, and to pledge or repledge from time to time part or all of said bonds when and as necessary as security in whole or in part for advances or loans from the United States, or for notes the issue of which is required to be reported to the Commission in certificates of notification under paragraph (9) of section 20a of the act, granted. Bonds of Central of Georgia Ry., 248.

Central R. R. Co. of N. J., authority to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of first-mortgage bonds of the American Dock & Improvement Co., the maturity date of which will be extended and the rate of interest increased, pursuant to a proposed extension contract with the holders of said bonds, granted. Bond Guarantee by Central R. R. Co. of N. J., 721.

Central R. R. Co. of South Carolina, authority to issue and sell refunding bonds to retire a like amount of maturing first-mortgage gold bonds, granted. Bonds of Central R. R. of South Carolina, 756.

Central Vermont Ry. Co., authority to issue refunding mortgage gold bonds, and to pledge and repledge, from time to time until otherwise ordered, all or part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, granted. Bonds of Central Vermont Ry., 681.

Chesapeake & Ohio Ry. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of general-mortgage gold bonds (now held in applicant's treasury) as collateral security for a note or notes which may be issued under paragraph (9) of section 20a of the act, without the Commission's authorization having first been obtained, granted. Pledge of Bonds by Chesapeake & Ohio Ry., 443.

Chicago & Eastern Illinois R. R. Co., authority to issue prior-lien or first-mortgage bonds, general or second-mortgage bonds, preferred stock, and common stock; to assume obligation or liability in respect to certain underlying bonds and equipment obligations; and, if certain loans shall be authorized, to issue and pledge as security therefor additional prior-lien or first-mortgage bonds, granted. Bonds of Chicago & Eastern Illinois Ry., 61.

Chicago & North Western Ry. Co.:

Authority to issue and sell, in accordance with a proposed trust indenture, secured gold bonds; to issue general-mortgage gold bonds and pledge same, together with other general mortgage gold bonds heretofore issued and now held in the applicant's treasury, as security for said secured gold bonds, granted. Bonds of Chicago & North Western Ry., 245.

Authority to issue general-mortgage and first and refunding mortgage gold bonds for the purpose of reimbursing its treasury for expenditures for additions and betterments, and in the retirement of underlying bonds, granted. Bonds of Chicago & North Western Ry., 254.

BONDS—Continued.

Chicago & Western Indiana R. R. Co.:

Authority granted to Chicago & Eastern Illinois R. R. Co., and others, to assume obligation or liability in respect of C. & W. I. R. R. Co.'s collateral-trust bonds, by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof. Collateral Trust Obligation of C. & E. I. R. R., 505.

Authority to issue consolidated gold bonds and to deliver them, or cause them to be delivered, to the applicant's tenants, in accordance with certain leases and the mortgage under which issued, granted. Bonds of Chicago & Western Indiana R. R., 609.

Application requesting authority and approval of the action of applicant's officers in issuing and delivering bonds to its tenants without the Commission's authorization therefor having first been obtained, dismissed. By the plain terms of section 20a of the act they are void and no means are provided for validating them. They are not obligations of the applicant, and may not be carried on its books as such. *Id.* (609).

Chicago, Burlington & Quincy R. R. Co., authority to issue first and refunding mortgage bonds as a dividend against its surplus, denied. Applicant has no need for the bonds and can advantageously issue all the stock reasonably required for its needs, and the form of mortgage desired can be provided without the issuance of a bond dividend. Stock of Chicago, Burlington & Quincy R. R., 156.

Chicago, Indianapolis & Louisville Ry. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or any part of first and general mortgage gold bonds, as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by C., I. & L. Ry., 750.

Chicago, Rock Island & Pacific Ry. Co., authority to issue general-mortgage gold bonds and deliver them to the trustee under applicant's first and refunding mortgage; and to issue first and refunding mortgage gold bonds and to pledge and repledge, from time to time, until otherwise ordered, all or part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of Chicago, Rock Island & Pacific Ry., 647.

Chicago, St. Louis & New Orleans R. R. Co. and Illinois Central R. R. Co., authority to issue joint first refunding mortgage bonds to reimburse the treasury of the Illinois Central for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans R. R. Co., and the Canton, Aberdeen & Nashville R. R. Co., and to pledge said bonds as security for short-term loans of the Illinois Central R. R. Co., granted. Bonds of Illinois Central R. R., 113.

Chicago, Terre Haute & Southeastern Ry. Co., authority to pledge all or part of first and refunding mortgage gold bonds (now held in its treasury) as collateral security for a demand note, granted. Pledge of Bonds by C., T. H. & S. E. Ry., 738.

BONDS—Continued.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.:

Authority to issue a short term promissory note; to pledge as security therefor applicant's European loan of bonds; and to make said bonds payable at its office in New York City in dollars at the rate of \$1 for 5.1813 francs, granted. Security of C., C., C. & St. L. Ry., 355.

Authority to issue refunding and improvement mortgage bonds, and to use them in the acquisition of the entire capital stock of the Evansville, Indianapolis & Terre Haute Ry. Co., granted. Bonds of C., C., C. & St. L. Ry., 675.

Delaware & Hudson Co.:

Authority to issue common capital stock, to place applicant in a position to meet its conversion agreement, in case it should be called upon to comply with its terms for the conversion of certain convertible gold bonds, granted. Stock of Delaware & Hudson Co., 20.

Authority to assume obligation or liability as guarantor by indorsement in respect to the payment of interest on certain first-mortgage gold bonds of the Rennselaer & Saratoga R. R. Co.; and to sell said bonds, the proceeds thereof to be used solely to pay maturing bonds of the Rennselaer & Saratoga R. R. Co., granted. Bonds of Rennselaer & Saratoga R. R., 494.

Detroit, Toledo & Ironton R. R. Co., authority to issue and sell first-mortgage bonds for the purpose of reimbursing its treasury for certain expenditures made for additions and betterments, granted. Bonds of Detroit, Toledo & Ironton R. R., 688.

Elberton & Eastern R. R. Co., authority to issue first-mortgage bonds (now held in applicant's treasury) the proceeds to be used to reimburse its treasury for certain additions and betterments, granted. Bonds of Elberton & Eastern R. R., 769.

Electric Short Line Ry. Co., authority to sell first-mortgage gold bonds, the proceeds to be used in the construction of an extension of applicant's line, granted. Bonds of Electric Short Line Ry., 644.

Evansville, Indianapolis & Terre Haute Ry., authority to issue first-mortgage bonds, and to pledge them with the Secretary of the Treasury as collateral security for a loan from the United States, granted. Bonds of Evansville, Indianapolis & Terre Haute Ry., 678.

Fernwood, Columbia & Gulf R. R. Co., authority to issue and sell refunding-mortgage bonds, the proceeds to be used in paying its indebtedness and in capitalizing its expenditures on new construction, granted. Bonds of Fernwood, Columbia & Gulf R. R., 418.

Great Northern Ry. Co., authority to issue joint convertible gold bonds; to issue and pledge general-mortgage gold bonds, and to use them, as released from pledge, in conversion of the joint bonds; to issue from time to time upon payment or conversion of the joint bonds, additional mortgage bonds; and to pledge under its general gold-bond mortgage first and refunding-mortgage gold bonds, subject to the existing pledge thereof with the Secretary of the Treasury, granted. Securities of N. P. Ry. and G. N. Ry., 458.

Greene County R. R. Co., authority to issue first-mortgage gold bonds for pledge with the Secretary of the Treasury as collateral security in part for a loan from the United States; and to issue first-mortgage gold bonds for delivery in payment of certain indebtedness, granted. Bonds of Greene County R. R., 806.

BONDS—Continued.

Hocking Valley Ry. Co., authority to issue general-mortgage gold bonds, in accordance with the terms of a certain mortgage, and to pledge said bonds, together with general-mortgage gold bonds, now held free and unencumbered in applicant's treasury, with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Hocking Valley Ry., 70.

Illinois Central R. R. Co.:

Authority to issue joint first refunding-mortgage bonds to reimburse its treasury for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans R. R. Co. and the Canton, Aberdeen & Nashville R. R. Co. and to pledge said bonds as security for short-term loans of the Illinois Central R. R. Co., granted. Bonds of Illinois Central R. R., 113.

Authority to pledge from time to time refunding-mortgage gold bonds as security for the payment of current short-term loans, granted. Bonds of Illinois Central R. R., 117.

Long Island R. R. Co., authority granted to issue refunding-mortgage bonds and to exchange them for a like amount of its unified-mortgage gold bonds; and authority granted Pennsylvania R. R. Co. to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of said refunding-mortgage bonds. Bonds of Long Island R. R., 693.

Louisville & Nashville R. R. Co., authority granted to issue first-mortgage bonds; and to exchange said bonds, so far as possible, for other maturing first-mortgage bonds, and to sell any remaining bonds to J. P. Morgan & Co.; and authority granted to the Southeast & St. Louis Ry. Co. to assume obligations in respect of said bonds by executing a first mortgage upon its property and franchises. Bonds of Louisville & Nashville R. R., 148.

Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage gold bonds, and to pledge said bonds as partial security for a loan from the United States, granted. Bonds of Minneapolis & St. Louis R. R., 362.

Missouri-Illinois R. R. Co., authority to issue capital stock for cash and in payment for certain property, and to issue and sell first-mortgage bonds, the proceeds of said bonds to be used solely for the rehabilitation of the property, granted. Securities of Missouri-Illinois R. R., 651.

Mobile & Ohio R. R. Co., authority to repledge its St. Louis division gold bonds as security for loan or loans, to be represented by short-term note or notes, granted. Bonds of Mobile & Ohio R. R., 86.

Muskegon Ry. & Navigation Co., authority to issue and sell common capital stock and first-mortgage bonds, the proceeds to be used solely for construction purposes and acquisition of equipment, granted. Securities of Muskegon Ry. & Nav. Co., 527.

Nashville, Chattanooga & St. Louis Ry.:

Authority to sell first-consolidated mortgage gold coupon bonds, now in its treasury, for the purpose of reimbursing applicant's treasury for moneys expended to meet obligations incident to its current operations, granted. Bonds of Nashville, Chattanooga & St. Louis Ry., 68.

Authority to issue and sell first-consolidated mortgage gold bonds and/or to pledge and repledge from time to time until otherwise ordered all or part thereof as collateral security for any note or

BONDS—Continued.

Nashville, Chattanooga & St. Louis Ry.—Continued.

notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of Nashville, Chattanooga & St. Louis Ry., 615.

New Orleans, Texas & Mexico Ry. Co., upon supplemental report, authority granted to issue notes for conditional purchase of equipment; to assume obligation or liability in respect of a promissory note to be given by the National Ry. Service Corp. to the United States for a loan on account of said equipment, and in respect of deferred-lien certificates to be issued under the contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan; and to issue gold bonds and pledge part thereof as additional security for the note and loan, and the remainder as security for the performance of obligations under the contract and trust agreement. Notes of New Orleans, Texas & Mexico Ry., 797.

New York, Chicago & St. Louis R. R. Co., authority to pledge and repledge from time to time until otherwise ordered all or part of second and improvement mortgage bonds (now held in applicant's treasury) as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization for such issue having first been obtained, granted. Pledge of Bonds by N. Y., C. & St. L. R. R., 545.

Norfolk & Western Ry. Co., authority to sell convertible gold bonds for the purpose of reimbursing its treasury for capital expenditures made for additions and betterments, granted. Bonds of Norfolk & Western Ry., 696.

Norfolk Southern R. R. Co., authority to issue first-lien equipment notes and first and refunding mortgage gold bonds and pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Norfolk Southern R. R., 78.

Northern Pacific Ry. Co., authority to issue joint convertible gold bonds; to issue and pledge, under a trust indenture securing the joint bonds, refunding and improvement mortgage bonds, and to use them as released from pledge, in conversion of the joint bonds; to issue from time to time upon payment or conversion of the joint bonds, additional mortgage bonds, granted. Securities of N. P. Ry. and G. N. Ry., 458.

Norwood & St. Lawrence R. R. Co., authority to sell, or issue in exchange for certain outstanding promissory notes, first-mortgage gold bonds, for the purpose of paying or otherwise satisfying certain existing liabilities incurred for construction and equipment, granted. Securities of Norwood & St. Lawrence R. R., 699.

Pennsylvania R. R. Co., authority to issue secured gold bonds in accordance with a proposed trust indenture; and to issue general-mortgage bonds and pledge same as security in part for said secured gold bonds, granted. Bonds of Pennsylvania R. R., 212.

Pere Marquette Ry. Co., authority to pledge and repledge from time to time, until otherwise ordered, all or part of its first-mortgage gold bonds (now held in applicant's treasury) as collateral security for note or notes which may be issued within the limitations of paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by Pere Marquette Ry., 690.

BONDS—Continued.

Rensselaer & Saratoga R. R. Co., authority to issue first-mortgage gold bonds under and pursuant to, and to be secured by, a first mortgage; and to deliver said bonds to the Delaware & Hudson Co. in accordance with the terms of a certain agreement of lease, granted. Bonds of Rensselaer & Saratoga R. R., 494.

St. Louis-San Francisco Ry. Co., authority to sell all or any part of prior-lien mortgage bonds now held in applicant's treasury, and to pledge and repledge from time to time, until otherwise ordered, all or any part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of St. Louis-San Francisco Ry., 624.

Seaboard Air Line Ry. Co., authority to issue first and consolidated mortgage gold bonds under a certain mortgage; and to pledge with the Secretary of the Treasury, as security for loans from the United States first and consolidated mortgage gold bonds and common and preferred capital stock, now held by the applicant in its treasury, granted. Bonds of Seaboard Air Line Ry., 216.

Southern Ry. Co.:

Authority to issue and sell first consolidated mortgage bonds for the purpose of retiring maturing mortgage bonds, granted. Bonds of Southern Ry., 96.

Authority to pledge and repledge from time to time, until otherwise ordered, all or part of development and general mortgage gold bonds (now held in the applicant's treasury) as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by Southern Ry., 673.

Terminal R. R. Association of St. Louis, authority to issue general-mortgage bonds to reimburse its treasury for expenditures therefrom for additions and betterments, granted. Bonds of Terminal R. R. Asso. of St. Louis, 771.

Texas Midland R. R., authority granted to issue and sell first-mortgage refunding bonds, the proceeds to be used for the construction of a new line of railroad for which a certificate of public convenience and necessity was issued in 67 I. C. C., 445. Bonds of Texas Midland R. R., 492.

Texas Short Line Ry. Co., authority to issue first-mortgage bonds and to use them for the purpose of refunding a like principal amount of maturing first-mortgage bonds, which are secured by applicant's mortgage or deed of trust, denied. The continuance of such heavy fixed charges as here involved is not compatible with the interests of either the applicant or the public, and the record discloses no facts tending to show that the prospective earnings or the operating ratio of the applicant will improve. Bond Application of Texas Short Line Ry., 400.

Virginia Blue Ridge Ry., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of first-mortgage gold bonds, now held in applicant's treasury, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the act without authorization from the Commission having first been obtained, granted. Pledge of Bonds by Virginia Blue Ridge Ry., 510.

BONDS—Continued.

Western Pacific R. R. Co., authority to issue and sell first-mortgage gold bonds, the proceeds thereof to be deposited subject to the order and control of the trustees under applicant's first mortgage, and to be used by the applicant only for capital expenditures, granted. Bonds of Western Pacific R. R., 655.

Wheeling & Lake Erie Ry. Co.:

Authority to issue refunding mortgage bonds, and to pledge the same with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of Wheeling & Lake Erie Ry., 338.

Authority to issue refunding mortgage bonds; to pledge part thereof as security to an existing obligation, replacing other bonds pledged for that purpose; and to pledge the remainder, or such portion thereof as may be necessary, as security for a note or notes to be given to the U. S. Railroad Administration on account of indebtedness for expenditures made during federal control, granted; provided that any bonds not so pledged shall be used to replace in applicant's treasury similar bonds heretofore withdrawn for the purpose of pledge. Bonds of Wheeling & Lake Erie Ry., 348.

Wichita Northwestern Ry Co., authority to issue first consolidated mortgage bonds; and to pledge the same with the Secretary of the Treasury as collateral security for a loan from the United States, granted. Bonds of Wichita Northwestern Ry., 763.

Williamsport & North Branch Ry. Co., authority to issue first-mortgage gold bonds; noncumulative preferred stock; and common stock, in full payment for its railroad property, rights, and franchises, granted. Securities of Williamsport & North Branch Ry., 766.

BRANCH LINES.

Abandonment:

Atchison, Topeka & Santa Fe Ry. Co., and California, Arizona & Santa Fe Ry. Co., certificate of convenience and necessity authorizing the abandonment of a portion of a branch line in San Bernardino county, Calif., extending from Mile post 30 to Ivanpah, issued. There is no industry or business activity on the branch, few inhabitants, and slight prospect of any future need for continued operation. Public Convenience Certificate to A., T. & S. F. Ry., 145.

Seaboard Air Line Ry. Co., certificate of convenience and necessity authorizing the abandonment of a branch line in Nassau county, Fla., issued. Line was originally constructed to furnish passenger service to Amelia Beach, a resort which has since been abandoned. The branch serves no industries or enterprise of any kind, passes through no town or community, and serves no useful purpose whatever. Public Convenience Certificate to Seaboard Air Line Ry., 258.

Construction:

Kentucky & Tennessee Ry., certificate of convenience and necessity to construct a branch line of railroad in McCreary county, Ky., for the purpose of serving coal mines that are to be opened and which are not at present accessible to any line of railroad, and certain lumbering and other interests, issued. Public Convenience to K. & T. Ry., 450.

Pittsburgh & West Virginia Ry. Co., certificate of convenience and necessity for the construction of a branch line of railroad in Brooke county, W. Va., and Washington county, Pa., for the purpose of pro-

BRANCH LINES—Continued.**Construction—Continued.**

viding transportation to and from a tract of coal land which is not now accessible to any railroad, issued. Public Convenience Certificate to P. & W. V. Ry., 736.

Western Pacific R. R. Co., proposed construction of a branch line of railroad in Butte County, Calif., the sole purpose of which is to reach a tract of timber, not at present accessible to any line of railroad, and which will serve but a single lumber company and move no traffic except logs, *Held*: Such a branch line would be a spur track within the meaning of paragraph (18) of section 1 of the act, and paragraphs (18) to (21), inclusive, of that section, do not apply to such construction. Public Convenience Application of Western Pacific R. R., 135.

CANCELLATION. See WITHDRAWAL.**CAPITAL EXPENDITURES.**

Norfolk & Western Ry. Co. authority to sell convertible gold bonds for the purpose of reimbursing its treasury for capital expenditures made for additions and betterments, granted. Bonds of Norfolk & Western Ry., 686.

Western Pacific R. R. Co., authority to issue and sell first-mortgage gold bonds, the proceeds thereof to be deposited subject to the order and control of the trustees under applicant's first mortgage, and to be used by the applicant only for capital expenditures, granted. Bonds of Western Pacific R. R., 655.

CAPITALIZATION.**In General:**

Stocks of advertising, mining, timber, and land companies, United States government bonds and certificates of indebtedness, municipal bonds, and steel company bonds, are flexible assets which the Commission deems improper to permit applicant to capitalize. If it should be thought desirable to distribute the portion of surplus invested in such securities among stockholders, applicant would be able to apportion the securities themselves or distribute the proceeds thereof. They are neither property used or useful in rendering the public service nor an assured part of any surplus. Stock of Delaware, Lackawanna & Western R. R., 426 (433-434).

Carrier not permitted to issue capital stock against its net account with the United States Railroad Administration, which is merely an unadjusted balance, or its investments in nonoperating properties, where no reasons for acquiring and holding these properties are stated, and no present or contemplated future use of them in connection with the carrier's transportation service is shown. *Id.* (434).

Chicago, Burlington & Quincy R. R. Co., authority to issue additional capital stock as a dividend, granted. Carrier has a great uncanceled surplus; present capitalization is far below actual investment; increase would still leave the total below actual investment; remaining uncanceled surplus would be sufficient to serve purposes for which a surplus should be accumulated; and the present financial structure is obsolete and inadequate and a new form of mortgage and larger stock base to meet the requirements of statutes governing investments by savings institutions in various states are necessary. Stock of Chicago, Burlington & Quincy R. R., 156.

Delaware, Lackawanna & Western R. R. Co., authority to issue common stock to be distributed as a dividend, granted. Carrier has a large uncanceled surplus; the present capitalization is below the actual investment or fair

CAPITALIZATION—Continued.

value of the property; the increase in capitalization would still leave the total capitalization below the fair value of the property; and the remaining uncanceled surplus will be sufficient to serve the purposes for which a surplus should be accumulated. *Stock of Delaware, Lackawanna & Western R. R.*, 426.

CAPITAL STOCK. *See* STOCKS.

CARRIER COMPETITION. *See* COMPETITION (CARRIER).

CERTIFICATES. *See* CONVENIENCE AND NECESSITY; EQUIPMENT-TRUST CERTIFICATES.

CESSATION OF OPERATIONS. *See* ABANDONMENT.

COLLATERAL SECURITY. *See* SECURITY.

COMMON STOCK. *See* STOCKS.

"COMPATIBLE WITH THE PUBLIC INTEREST."

To render a proposed issuance of stock for distribution as a dividend "compatible with the public interest," within the meaning of the statute, a substantial surplus should remain uncanceled as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in nonrevenue producing property, and serving as a general financial balance wheel. *Stock of Delaware, Lackawanna & Western R. R.*, 426 (433).

COMPETITION.

Carrier: *Spokane & British Columbia Ry. Co.*, certificate of convenience and necessity authorizing the abandonment of its railroad in the state of Washington, issued. Partly by reason of the competition of a parallel line passing through the same communities and partly because the output of some of the mines served has not fulfilled early expectations, the applicant has never obtained sufficient traffic to support its line. *Public Convenience Certificate to S. & B. C. Ry.*, 384.

Motor-vehicle: *Ocean Shore R. R. Co.*, certificate of convenience and necessity authorizing the abandonment of its line in California, issued. Gross revenues have never equalled operating expenses, traffic has diminished progressively, chiefly because of increasing competition by motor-vehicles, but little use has been made of the service in the past, and there is little, if any, prospect that the line can be made to serve any useful purpose in the future. *Public Convenience Certificate to Ocean Shore R. R.*, 760.

COMPLETION OF NEW LINES. *See* NEW LINES.

CONSOLIDATION. *See* ACQUISITION OF CONTROL.

CONSTRUCTION OF NEW LINES. *See* NEW LINES.

CONSTRUCTION OF STATUTE.

To render a proposed issuance of stock for distribution as a dividend compatible with the public interest," within the meaning of the statute, a substantial surplus should remain uncanceled as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in nonrevenue producing property, and serving as a general financial balance wheel. *Stock of Delaware, Lackawanna & Western R. R.*, 426 (433).

Bonds issued and delivered without authorization of the Commission having first been obtained, as provided in section 20a of the act, are, by the plain terms of the statute, void, and no means are provided for validating them. They are not obligations of the applicant, and may not be carried on its books as such. *Bonds of Chicago & Western Indiana R. R.*, 609.

CONTRACTS. *See also* LEASE.

Louisiana Ry. & Navigation Co., proposed execution of a contract for the purchase of a locomotive from the War Department, found not to be within the Commission's jurisdiction. No notes covering deferred payments are proposed to be issued, and the only "security" to be authorized is the agreement. This is not regarded as a security within the meaning of paragraph (2) of section 20a of the act. Application of Louisiana Ry. & Nav. Co., 808.

CONTROL OF ONE CARRIER BY ANOTHER. *See* ACQUISITION OF CONTROL. CONVENIENCE AND NECESSITY.

Abandonment:

Arkansas & Louisiana Missouri Ry. Co., issuance of certificate to permit the abandonment of a line of railroad in Ashley county, Ark., found not within the Commission's jurisdiction, applicant discontinued operation prior to the effective date of paragraph (18) of section 1 of the act under such circumstances as clearly indicate an intention to effect a complete and permanent abandonment. Certificate to Arkansas & Louisiana Missouri Ry., 781.

Atchison, Topeka & Santa Fe Ry. Co. and California, Arizona & Santa Fe Ry. Co., certificate authorizing the abandonment of a portion of a branch line in San Bernardino county, Calif., extending from Mile post 30 to Ivanpah, issued. There is no industry or business activity on the branch, few inhabitants, and slight prospect of any future need for continued operation. Public Convenience Certificate to A., T. & S. F. Ry., 145.

Copper Range R. R. Co., proposal to abandon operation over a portion of the tracks of the Chicago, Milwaukee & St. Paul Ry. Co. and discontinue the joint use of the latter company's station at Mass, Mich., under a trackage right conveyed by contract, held not to fall within the Commission's jurisdiction conferred by paragraph (18), section 1, of the act, and certificate of public convenience and necessity is unnecessary. Certificate of Copper Range R. R., 502.

Marshall & East Texas Ry. Co., issuance of certificate to permit the abandonment of its line in Wood, Upshur, and Harrison counties, Tex., found not within the Commission's jurisdiction. Applicant ceased operation under order of a federal court prior to the effective date of paragraph (18) of section 1 of the act. Public Convenience Application M. & E. T. Ry., 365. Affirmed on reargument in 67 I. C. C., 744.

Ocean Shore R. R. Co., certificate authorizing the abandonment of its line in California issued. Gross revenues have never equaled operating expenses; traffic has diminished progressively, chiefly because of increasing competition by motor vehicles, but little use has been made of the service in the past, and there is little, if any, prospect that the line can be made to serve any useful purpose in the future. Public Convenience Certificate to Ocean Shore R. R., 760.

Orangeburg Ry., certificate authorizing the abandonment of its line of railroad between Orangeburg and North, S. C., issued. The road has never earned fixed charges, is in bad physical condition, and operation would be dangerous without the expenditure of a large sum for repairs. Furthermore, there is no contention by any one that the line can be rehabilitated and made to earn operating expenses and taxes, to say nothing of outstanding claims against it. Certificate to Orangeburg Ry., 789.

CONVENIENCE AND NECESSITY—Continued.

Abandonment—Continued.

Patterson & Western R. R. Co., certificate authorizing the abandonment of its line of railroad in Stanislaus county, Calif., issued. Line was originally built to afford access to mineral deposits, which were then supposed to be valuable. Supposition was later found erroneous, and idea of developing the deposits was abandoned. There is little traffic available at present, and no prospect of any substantial amount in the near future. Public Convenience Certificate to P. & W. R. R., 746.

Seaboard Air Line Ry. Co., certificate authorizing the abandonment of a branch line in Nassau county, Fla., issued. Line was originally constructed to furnish passenger service to Amelia Beach, a resort which has since been abandoned. The branch serves no industries or enterprise of any kind, passes through no town or community, and serves no useful purpose whatever. Public Convenience Certificate to Seaboard Air Line Ry., 258.

Spokane & British Columbia Ry. Co., certificate authorizing the abandonment of its railroad in the state of Washington issued. Partly by reason of the competition of a parallel line passing through the same communities and partly because the output of some of the mines served has not fulfilled early expectations, the applicant has never obtained sufficient traffic to support its line. Public Convenience Certificate to S. & B. C. Ry., 384.

Acquisition of Control:

Arkansas & Louisiana Missouri Ry. Co., certificate authorizing the acquisition and operation of a line of railroad in Louisiana and Arkansas, issued. Road serves one of the greatest proven, but only partially developed, gas fields; important industries are located along its line, and a considerable industrial development is taking place in the territory which it will serve. Certificate to Arkansas & Louisiana Missouri Ry., 781.

Arkansas R. R., issuance of certificate to acquire and operate a line of railroad formerly owned by the Gould Southwestern Ry. Co., in Lincoln county, Ark., found unnecessary, as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Certificate to Arkansas R. R., 785.

Atchison, Topeka & Santa Fe Ry. Co., certificate authorizing the operation of the Buffalo Northwestern R. R. Co., a noncompeting carrier in Oklahoma, issued. Continued independent operation would require separate operating organization, rolling stock, accounting, and other separate functions which would increase the operating expense of the line without compensating advantages to the public; the applicant has ample organization and equipment to operate the property; and such operation would eliminate duplication and effect economies which will be in the public interest. Public Convenience of A., T. & S. F. Ry., 374.

Duluth & Iron Range R. R. Co., certificate to operate trains over a branch line in St. Louis county, Minn., found unnecessary, as applicant began operation of this line prior to effective date of paragraph (18) of section 1 of the act. Public Convenience of D. & I. R. R. R., 454.

Evansville, Indianapolis & Terre Haute Ry. Co., proposed acquisition and operation of a line of railroad in Indiana heretofore owned and operated by the Evansville & Indianapolis R. R., which does not in-

CONVENIENCE AND NECESSITY—Continued.

Acquisition of Control—Continued.

volve the acquisition or operation of a new line or extension of railroad, but concerns a road which was constructed and in operation prior to the effective date of paragraphs 18 to 20 of section 1 of the act, found not within the Commission's jurisdiction and certificate of public convenience and necessity is unnecessary. Public Convenience Application of E. I. & T. H. Ry., 509.

Grand Trunk Western Ry. Co., proposed acquisition and operation of the Lansing Connecting R. R., in Ingham County, Mich., which was in operation in interstate commerce prior to the effective date of paragraph (18) of section 1 of the act, found not within the Commission's jurisdiction and certificate of public convenience and necessity is unnecessary. Public Convenience Application of G. T. W. Ry., 780.

Missouri-Illinois R. R. Co., certificate issued authorizing the acquisition and operation of a line of railroad in Illinois and Missouri heretofore abandoned for railroad purposes. Applicant should be given opportunity to render a needed service which the property is capable of affording. Certificate of Missouri-Illinois R. R., 288.

Missouri Pacific R. R. Co., certificate for the acquisition and operation of the line of railroad heretofore owned and operated by the Little Rock & Argenta Ry. Co., in Pulaski county, Ark., held not to be within the Commission's jurisdiction. Proposal does not involve the construction, operation, or extension of a new line of railroad, subsequent to the effective date of paragraph (18) of section 1 of the act, nor the operation of a carrier not heretofore engaged in interstate or foreign commerce. Public Convenience of Missouri Pacific R. R., 479.

Pittsburgh & West Virginia Ry. Co., certificate to acquire and operate the West Side Belt R. R. Co., in Allegheny county, Pa., found unnecessary, as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Pittsburgh & West Virginia Ry. Co., 786.

Tennessee & North Carolina Ry. Co., proposed acquisition and operation of a line of railroad in Tennessee and North Carolina, which does not involve the acquisition or operation of a new line of railroad or extension thereof, but concerns a road constructed and operated prior to the effective date of paragraph (18) of section 1 of the act, found not within the Commission's jurisdiction and certificate of public convenience and necessity is unnecessary. Public Convenience Application of T. & N. C. Ry., 779.

Texas City Terminal Ry. Co., issuance of certificate of public convenience and necessity to acquire and operate the line of railroad formerly owned by the Texas City Transportation Co., and operated by the Texas City Terminal Co., as lessee, in Galveston county, Tex., found unnecessary, as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Certificate of Texas City Terminal Ry., 787.

Construction of New Line:

Detroit & Ironton R. R. Co.: Certificate issued authorizing the construction of a line of railroad in Wayne county, Mich., and authority granted to retain excess earnings therefrom for a period not to exceed 10 years. Proposed line will relieve congestion, avoid repeated switching and reclassification of cars and the consequent delay in deliveries, and become a useful addition to the railroad

CONVENIENCE AND NECESSITY—Continued.

Construction of New Line—Continued.

trackage of the Detroit industrial district. Public Convenience Certificate to D. & I. R. R., 600.

Golden Belt R. R. of Kansas: Certificate for the construction of a new line between Great Bend and Hays, Kans., denied. Traffic which may reasonably be expected is inadequate to support the project; estimated cost of construction does not indicate that a line is contemplated which will be well constructed or which may be economically operated; and the financial plan under which the communities involved will pay more than half of the cost does not indicate a great degree of confidence, on the part of the promoters, in a substantial profit from operation. Public Convenience of Golden Belt R. R., 370.

Uvalde & Northern Ry. Co.:

Certificate for the construction of a new line of railroad in Uvalde and Real counties, Texas, denied. The handling of an available supply of timber is the chief motive for building the line, and without the expected tonnage from this traffic there is nothing that indicates a reasonable hope of the development of a sufficient volume of traffic in this territory to pay a return on the investment, if, indeed, there will be enough to pay operating expenses. Application of Uvalde & Northern Ry., 204.

On rehearing, former report 67 I. C. C., 204, construction and operation of a line of railroad in Uvalde and Real counties, Tex., held not to be within the Commission's jurisdiction. Construction was begun in good faith prior to the effective date of section 1, paragraph (18), and no certificate of public convenience and necessity is required. Public Convenience Application of U. & N. Ry., 554.

Extension of Line:

Central of Georgia Ry. Co.: Certificate issued authorizing the construction of a branch line in Jefferson county, Ala., the primary purpose of which is to haul coal from mines which can not be served by any other carriers or by any extension except the one proposed, and permission granted to retain excess earnings of the new line for not more than 10 years in order to offset the probable deficit in the early years. Public Convenience Certificate to Central of Georgia Ry., 273.

De Queen & Eastern R. R. Co. and Texas, Oklahoma & Eastern R. R. Co.: Certificate to engage in operation over a through route between Valliant, Okla., and Dierks, Ark., formed by their respective lines together with newly constructed extensions thereof, which connect at the Arkansas-Oklahoma state line, held not to be within the Commission's jurisdiction. Applicants commenced the construction of the proposed extensions prior to the effective date of paragraph (18) of section 1 of the act, and the arrangement for operation of the trains of either over the line of the other is substantially equivalent to a trackage right only. Public Convenience Application of T., O. & E. R. R., 484.

Interstate R. R. Co., certificate authorizing the construction of an extension in Wise and Scott counties, Va., which will provide an outlet for the traffic from applicant's rails to the Carolina, Clinchfield & Ohio Ry. at a point where more commodious interchange facilities can be installed, making possible a two-line instead of the

CONVENIENCE AND NECESSITY—Continued.

Extension of Line—Continued.

present three-line haul, issued. Public Convenience Certificate to Interstate R. R., 141.

Kentucky & Tennessee Ry., certificate to construct a branch line of railroad in McCreary county, Ky., for the purpose of serving coal mines that are to be opened and which are not at present accessible to any line of railroad, and certain lumbering and other interests, issued. Public Convenience to K. & T. Ry., 450.

Pittsburgh & West Virginia Ry. Co., certificate for the construction of a branch line of railroad in Brooke county, W. Va., and Washington county, Pa., for the purpose of providing transportation to and from a tract of coal land which is not now accessible to any railroad, issued. Public Convenience Certificate to P. & W. V. Ry., 730.

Texas Midland R. R., certificate authorizing the construction of a line of railroad between Commerce and Greenville, Texas, to bridge the present gap separating the two sections into which the line is divided, issued. Applicant is at present operating between these points over the Cotton Belt's line; a satisfactory agreement extending the present arrangement, on any terms that will be fair to both parties, does not appear possible; and it is obvious that the cutting of the applicant's line into two unconnected segments would be detrimental to the interests of the communities served by it, as well as disastrous to the applicant. Certificate of Texas Midland R. R., 445.

Texas, Oklahoma & Eastern R. R. Co. and De Queen & Eastern R. R. Co., certificate to engage in operation over a through route between Valliant, Okla., and Dierks, Ark., formed by their respective lines together with newly constructed extensions thereof, which connect at the Arkansas-Oklahoma state line, held not to be within the Commission's jurisdiction. Applicants commenced the construction of the proposed extensions prior to the effective date of paragraph (18) of section 1 of the act, and the arrangement for operation of the trains of either over the line of the other is substantially equivalent to a trackage right only. Public Convenience Application of T., O. & E. R. R., 484.

Uintah Ry. Co., certificate authorizing the construction of an extension in Uintah county, Utah, issued and applicant authorized to retain excess earnings therefrom for a period not to exceed 10 years. Chief purpose of the road is to haul gilsonite, a species of asphalt, and other commodities from a territory not at present served by any other line. Public Convenience Certificate to Uintah Ry., 612.

Western Pacific R. R. Co., proposed construction of a branch line in Butte County, Calif., the sole purpose of which is to reach a tract of timber not at present accessible to any line of railroad and which will serve but a single lumber company and move no traffic except logs: Held, Such a branch line would be a spur track within the meaning of paragraph (18) of section 1 of the act, and paragraphs (18) to (21), inclusive, of that section, do not apply to such construction. Public Convenience Application of Western Pacific R. R., 135.

Wichita Falls & Southern R. R. Co., certificate authorizing the construction of a line of railroad in Stephens and Young counties, Tex., to form a continuous route from Wichita Falls to Breckenridge.

CONVENIENCE AND NECESSITY—Continued.

Extension of Line—Continued.

Tex., issued. The development of extensive coal deposits has been retarded by the lack of a direct outlet to the south; proposed line would afford an outlet for this and other commodities, and while there is some doubt as to the adequacy of the prospective return, opportunity should be given the parties interested to provide themselves with needed railroad facilities. Public Convenience Certificate to Wichita Falls & Southern R. R., 184.

Relocation of Line:

Pearl River Valley R. R. Co., proposed relocation of a portion of the main line in Pearl River county, Miss., in order to avoid objectionable grades and curves on the original location, and which will result in substantial operating economies found not to constitute an abandonment of a line within the meaning of paragraph (18), section 1 of the act, and no certificate of public convenience and necessity is necessary. Public Convenience Application of P. R. V. R. R., 748.

Philadelphia, Newtown & New York R. R. Co. proposed relocation of existing main line in Philadelphia, Pa., involving no change in the service rendered to the public, found not to constitute an abandonment of a line of railroad or the construction of a new line or extension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P., N. & N. Y. R. R., 252.

Resumption of Operation: Michigan United Rys. Co., an electric inter-urban railroad, not operated as a part of a general steam railroad system of transportation, held not within the provisions of paragraph (18), section 1 of the act, and the Commission is without jurisdiction to issue a certificate permitting it to resume the operation in interstate commerce of its property, heretofore operated under a lease, the lessee having defaulted and surrendered the property to the applicant. Public Convenience of Michigan United Rys., 452.

Trackage Agreements: Arkansas & Louisiana Missouri Ry. Co., contracts made with the Missouri Pacific and Louisiana & Pine Bluff railroads, granting trackage rights only found not to fall within the jurisdiction conferred by paragraph (18), section 1 of the act, and certificate of convenience and necessity for authority to exercise such trackage rights is unnecessary. Certificate to Arkansas & Louisiana Missouri Ry., 781.

CONVERTIBLE BONDS. *See BONDS.*

CUMULATIVE STOCK. *See STOCKS.*

CURRENT EXPENSES.

Los Angeles & Salt Lake R. R. Co., authority to issue promissory notes, the proceeds to be used for the sole purpose of meeting anticipated requirements during the year 1921 other than operating expenses, granted. Notes of Los Angeles & Salt Lake R. R., 622.

Raritan River R. R. Co., authority to issue short-term promissory notes for the purpose of obtaining funds with which to pay current expenses, taxes, and amounts due connecting carriers, granted. Notes of Raritan River R. R., 260.

Western Allegheny R. R. Co., authority to issue, from time to time, promissory notes payable on demand, said notes, or the proceeds thereof, to be used to meet obligations incurred and to be incurred by the applicant for operating expenses, granted. Notes of Western Allegheny R. R., 563.

DEFICITS.

The following railroads which sustained deficits in their railway operating incomes while under private operation in the federal-control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which there is deductible certain amounts due to the President on account of traffic balances and other indebtedness, and final settlements made:

- Cairo, Truman & Southern R. R., 627.
- Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, receiver), 681.
- Ettrick & Northern R. R. Co., 377.
- Fort Smith, Subiaco & Rock Island R. R. Co., 661.
- New Mexico Central Ry. Co., 105.
- Tennessee, Alabama & Georgia R. R. Co. (Charles Hicks, receiver), 481.
- Western Allegheny R. R. Co., 271.

The following railroads which sustained deficits in their railway operating incomes while under private operation in the federal-control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which no amounts are deductible as due to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness, and final settlements made:

- Deering Southwestern Ry., 634.
- Electric Short Line Ry. Co. (Arizona), 723.
- Gulf, Florida & Alabama Ry. Co., 537.
- Liberty-White R. R. Co., 530.
- Nezperce & Idaho R. R. Co., 629.
- Shearwood Ry. Co., 379.
- South Manchester R. R. Co., 684.

DEMAND NOTES. *See* NOTES.

DIRECTOR GENERAL. *See* FEDERAL CONTROL.

DISMISSAL. *See* WITHDRAWAL.

DIVIDENDS.

In General: To render a proposed issuance of stock for distribution as a dividend "compatible with the public interest," within the meaning of the statute, a substantial surplus should remain uncanceled as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in nonrevenue producing property, and serving as a general financial balance wheel. Stock of Delaware, Lackawanna & Western R. R., 426 (433).

Chicago, Burlington & Quincy R. R. Co.:

Authority to issue additional capital stock as a dividend, granted.

Carrier has a great uncanceled surplus; present capitalization is far below actual investment; increase would still leave the total below actual investment; remaining uncanceled surplus would be sufficient to serve purposes for which a surplus should be accumulated; and the present financial structure is obsolete and inadequate and a new form of mortgage and larger stock base to meet the requirements of statutes governing investments by savings institutions in various states are necessary. Stock of Chicago, Burlington & Quincy R. R., 156.

Authority to issue first and refunding mortgage bonds as a dividend against its surplus, denied. Applicant has no need for the bonds and can advantageously issue all the stock reasonably required for its

DIVIDENDS—Continued.

needs, and the form of mortgage desired can be provided without the issuance of a bond dividend. *Id.* (156).

Delaware, Lackawanna & Western R. R. Co., authority to issue common stock to be distributed as a dividend, granted. Carrier has a large uncapitalized surplus; the present capitalization is below the actual investment or fair value of the property; the increase in capitalization would still leave the total capitalization below the fair value of the property; and the remaining uncapitalized surplus will be sufficient to serve the purposes for which a surplus should be accumulated. *Stock of Delaware, Lackawanna & Western R. R.*, 426.

EARNINGS. *See also* DEFICIT.

In General:

Where the public has found it expedient to adopt a *laissez faire* policy to encourage utility development, it can not be said, in the absence of regulation, that profits have been illegally collected. The title to surplus earnings has vested without limitation or condition in the corporation and benefits the shareholder. *Stock of D., L. & W. R. R.*, 426 (432).

The doctrine of implied trust, sometimes applied to donated property by courts and commissions, has no application to excessive return, for the payment of rates carried with it no requirement that the funds be left in the business or used for the public benefit. Its strained application to carriers who have made additions and betterments from surplus would only penalize those who came nearest to benefiting the public. The surplus from income in such cases was unrestricted legal property of the company and ceased to be funds of the public before the decision to divert it to either dividends or additions and betterments was made. *Id.* (432).

The maintenance of a substantial uncapitalized surplus reserve is a direct benefit to stockholders. It maintains the market value of their stock and protects not only their dividends but their *pro rata* share of the assets available on dissolution. *Id.* (433).

Central of Georgia Ry. Co., certificate of convenience and necessity issued authorizing the construction of a branch line in Jefferson county, Ala., the primary purpose of which is to haul coal from mines which can not be served by any other carriers or by any extension except the one proposed, and permission granted to retain excess earnings of the new line for not more than 10 years in order to offset the probable deficit in the early years. *Public Convenience Certificate to Central of Georgia Ry.*, 273.

Detroit & Ironton R. R. Co., certificate of convenience and necessity issued authorizing the construction of a line of railroad in Wayne county, Mich., and authority granted to retain excess earnings therefrom for a period of not to exceed 10 years. Proposed line will relieve congestion, avoid repeated switching and reclassification of cars and the consequent delay in deliveries, and become a useful addition to the railroad trackage of the Detroit Industrial district. *Public Convenience Certificate to D. & I. R. R.*, 600.

Uintah Ry. Co., certificate of convenience and necessity authorizing the construction of an extension in Uintah county, Utah, issued and applicant authorized to retain excess earnings therefrom for a period not to exceed 10 years. Chief purpose of the road is to haul gilsonite, a species of asphalt, and other commodities from a territory not at present served by any other line. *Public Convenience Certificate to Uintah Ry.*, 612.

ELECTRIC LINES.

Michigan United Rys. Co., an electric interurban railroad, not operated as part of a general steam railroad system of transportation, held not within the provisions of paragraph (18), section 1 of the act and the Commission is without jurisdiction to issue a certificate of convenience and necessity permitting it to resume the operation in interstate commerce of its property, heretofore operated under a lease, the lessee having defaulted and surrendered the property to the applicant. Public Convenience of Michigan United Rys., 452.

ENGINES. See **LOCOMOTIVES.**

EQUIPMENT. See also **LOCOMOTIVES.**

Atchison, Topeka & Santa Fe Ry. Co., application for loan for additional freight-train equipment withdrawn and certificate heretofore issued to the Secretary of the Treasury, cancelled. Loan to Atchison, Topeka & Santa Fe Ry., 88.

Baltimore & Ohio R. R. Co., authority to assume obligation or liability in respect of equipment-trust gold notes in connection with the procurement of steel hopper cars, granted. Equipment-Trust Obligation of Baltimore & Ohio R. R., 707.

Bangor & Aroostook R. R. Co.:

Loan through the National Ry. Service Corp., to aid in providing a wrecking outfit and convertible ballast and coal cars, granted. Loan to Bangor & Aroostook R. R., 412.

Authority to issue conditional sale purchase notes, in conditional purchase of equipment under the terms of a contract entered into pursuant to the National Ry. Service Corporation's equipment trust; to assume obligation or liability as guarantor and indorser in respect of an obligation of the National Ry. Service Corp. to the United States for a loan on account of said equipment; and to pledge consolidated refunding mortgage gold bonds with the Secretary of the Treasury, as security in part for said loan, granted. Notes of Bangor & Aroostook R. R., 533.

Chicago, Rock Island & Pacific Ry. Co.:

Application for a loan through the National Ry. Service Corp. to aid in providing equipment, granted. Loan to Chicago, Rock Island & Pacific Ry., 569.

Authority to issue lease warrants in the form of promissory notes to cover deferred payments of rental for steel coaches and chair cars, which were leased to the applicant by an agreement between it and the Pullman Co., granted. Lease Warrants of Chicago, Rock Island & Pacific Ry., 716.

Fort Dodge, Des Moines & Southern R. R. Co., application for a loan to aid in making additions and betterments to existing equipment, granted. Loan to Fort Dodge, Des Moines & Southern R. R., 286.

Indiana Harbor Belt R. R. Co., application for a loan to provide caboose cars and one crane, and additions and betterments to miscellaneous equipment, granted. Loan to Indiana Harbor Belt R. R., 89.

Louisiana & Arkansas Ry. Co., authority to issue equipment notes in connection with the acquisition of coal and ballast cars, granted. Notes of Louisiana & Arkansas Ry., 382.

Louisiana Ry. & Navigation Co., proposed execution of a contract for the purchase of a locomotive from the War Department, found not to be within the Commission's jurisdiction. No notes covering deferred payments are proposed to be issued, and the only "security" to be authorized is the

EQUIPMENT—Continued.

agreement. This is not regarded as a security within the meaning of paragraph (2) of section 20a of the act. Application of Louisiana Ry. & Nav. Co., 808.

Minneapolis & St. Louis R. R. Co., application for a loan through the National Railway Service Corporation to aid in providing, granted in part. Loan to Minneapolis & St. Louis R. R., 580.

Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to issue equipment notes in connection with the procurement of box, stock, refrigerator, and dining cars, granted. Notes of Minneapolis, St. Paul & Sault Ste. Marie Ry., 803.

Missouri, Kansas & Texas Ry. Co. of Texas, application for a loan to aid in providing steel tank cars, granted. Loan to Missouri, Kansas & Texas Ry. Co. of Texas, 498.

Muskegon Ry. & Navigation Co., authority to issue and sell common capital stock and first-mortgage bonds, the proceeds to be used solely for construction purposes and acquisition of equipment, granted. Securities of Muskegon Ry. & Nav. Co., 527.

National Railway Service Corporation, applications for loans to aid the following carriers in providing equipment, granted:

Chicago, Rock Island & Pacific Ry. Co., 569.

Minneapolis & St. Louis R. R. Co., 580.

New Orleans, Texas & Mexico Ry. Co., 219.

Wheeling & Lake Erie Ry. Co., 588.

New Orleans, Texas & Mexico Ry. Co.:

Application for a loan through the National Ry. Service Corp. to aid in providing equipment, granted. Loan to New Orleans, Texas & Mexico Ry., 219.

Upon supplemental report, authority granted to issue notes for conditional purchase of equipment; to assume obligation or liability in respect of a promissory note to be given by the National Ry. Service Corp. to the United States for a loan on account of said equipment, and in respect of deferred-lien certificates to be issued under the contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan; and to issue gold bonds, and pledge part thereof as additional security for the note and loan, and the remainder as security for the performance of obligations under the contract and trust agreement. Notes of New Orleans, Texas & Mexico Ry., 797.

Norfolk Southern R. R. Co., application for a loan to provide second-hand consolidated freight locomotives and switching locomotives, granted. Loan to Norfolk Southern R. R., 108.

Seaboard Air Line Ry. Co.:

Application for loan to provide additions and betterments to existing equipment, granted in part. Loan to Seaboard Air Line Ry., 203.

Upon supplemental report, authority granted to divert part of the proceeds of the loan certified in 65 I. C. C., 163, for providing itself with additions and betterments to roadway and equipment, to a certain purpose, thereby reducing expenditures for other purposes in like amount, granted. Partial Diversion of Loan to Seaboard Air Line Ry., 686.

Wheeling & Lake Erie Ry. Co., application for a loan through the National Railway Service Corporation to aid in providing new equipment, granted. Loan to Wheeling & Lake Erie Ry., 588.

EQUIPMENT CORPORATIONS.

National Railway Service Corporation, applications for loans for the purpose of aiding the following carriers in providing equipment, granted:

- Bangor & Aroostook R. R. Co., 412.
- Chicago, Rock Island & Pacific Ry. Co., 569.
- Minneapolis & St. Louis R. R. Co., 580.
- New Orleans, Texas & Mexico Ry. Co., 219.
- Wheeling & Lake Erie Ry. Co., 588.

EQUIPMENT NOTES. See NOTES.**EQUIPMENT-TRUST CERTIFICATES.**

Baltimore & Ohio R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates heretofore issued under the Seaboard Air Line Ry. Co. equipment trust, in connection with the procurement of locomotives and tenders granted. **Equipment-Trust Obligation of Baltimore & Ohio R. R., 666.**

Chicago & North Western Ry. Co., authority to assume obligation or liability to pay as rental for, and on account of the purchase price of, certain equipment, sums sufficient to pay the principal and interest, and certain other charges, by entering into a proposed trust agreement, under which specified equipment will be held in trust for the benefit of holders of the certificates to be issued thereunder, and proposed agreements of lease covering such equipment; and to sell such equipment-trust certificates as may be delivered to the applicant for moneys advanced to the vendors of the equipment, granted. **Equipment-Trust Certificates of C. & N. W. Ry., 198.**

Erie R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates, to be issued under an agreement of assignment of lease by the U. S. Mortgage & Trust Co., trustee, by guaranteeing the prompt payment of the principal thereof and dividends thereon, granted. **Equipment-Trust Obligation of Erie R. R., 315.**

Illinois Central R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal thereof and dividends thereon by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. **Equipment-Trust Obligations of Illinois Central R. R., 237.**

Indiana Harbor Belt R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Guaranty Trust Co. of New York, trustee; and by entering into a lease or leases of the trust equipment, and thereby agreeing to pay rent sufficient to pay the principal thereof and dividends thereon, granted. **Equipment-Trust Obligations of Indiana Harbor Belt R. R., 241.**

Lake Erie, Franklin & Clarion R. R. Co., authority to assume obligation and liability in respect of preferred certificates to be pledged with the Secretary of the Treasury as security for a loan from the United States, to aid it in the procurement of a locomotive, and a deferred certificate to be pledged as security for a note by entering into an equipment-trust agreement under which the certificates will be issued by the Lamber-ton National Bank, trustee, and thereby agreeing to guarantee payment of the principal and dividends by indorsing upon each certificate a

EQUIPMENT-TRUST CERTIFICATES—Continued.

guaranty of such payment; and by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Note of Lake Erie, Franklin & Clarion R. R., 639.

Louisville & Nashville R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement under which the certificates will be issued by the United States Trust Co. of New York, trustee, and thereby agreeing to pay rent sufficient to pay the principal and dividends; and to sell or dispose of said equipment-trust certificates at such price that the total cost to the applicant involved in such sale or disposition, including dividends, shall not exceed 7 per cent per annum of the principal thereof, granted. Equipment-Trust Obligation of L. & N. R. R., 151.

Missouri Pacific R. R. Co., authority to assume obligation or liability in respect of certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligation of Missouri Pacific R. R., 123.

EXCESS EARNINGS. See EARNINGS.**EXCHANGE OF BONDS. See also BONDS.**

Holders of small blocks of bonds have protested against a reorganization plan of exchanging bonds for stock. This is a matter properly to be brought before the court having jurisdiction in the premises, which has expressly reserved the determination of the equities in the receivership proceeding. Bonds of Chicago & Eastern Illinois Ry., 61 (64).

EXCHANGE OF STOCK. See STOCKS.**EXTENSION OF DATE OF MATURITY. See MATURITIES.****EXTENSION OF LINE. See also NEW LINES.**

In General: A project involving purely a relocation of an existing line under which applicant's whole line will still be in service as before, and will render exactly the same service in a new location, found not to constitute an abandonment of a line or the construction of a new line or extension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P. N. & N. Y. R. R., 252.

Central of Georgia Ry. Co., certificate of convenience and necessity issued authorizing the construction of a branch line in Jefferson county, Ala., the primary purpose of which is to haul coal from mines which can not be served by any other carriers or by any extension except the one proposed, and permission granted to retain excess earnings of the new line for not more than 10 years in order to offset the probable deficit in the early years. Public Convenience Certificate to Central of Georgia Ry., 273.

De Queen & Eastern R. R. Co. and Texas, Oklahoma & Eastern R. R. Co., certificate of convenience and necessity to engage in operation over a through route between Valliant, Okla., and Dierks, Ark., formed by their respective lines together with newly constructed extensions thereof, which connect at the Arkansas-Oklahoma state line, held not to be within the Commission's jurisdiction. Applicants commenced the construction of the proposed extensions prior to the effective date of paragraph (18) of section 1 of the act, and the arrangement for operation of the trains

EXTENSION OF LINE—Continued.

of either over the line of the other is substantially equivalent to a trackage right only. Public Convenience Application of T., O. & E. R. R., 484. Electric Short Line Ry. Co., authority to sell first-mortgage gold bonds, the proceeds thereof to be used in the construction of an extension of applicant's line of railway, granted. Bonds of Electric Short Line Ry., 644. Interstate R. R. Co., Certificate of convenience and necessity authorizing the construction of an extension in Wise and Scott counties, Va., which will provide an outlet for the traffic from applicant's rails to the C., C. & O. Ry., at a point where more commodious interchange facilities can be installed, making possible a two-line instead of the present three-line haul, issued. Public Convenience Certificate to Interstate R. R., 141.

Kentucky & Tennessee Ry., certificate of convenience and necessity to construct a branch line in McCreary county, Ky., for the purpose of serving coal mines that are to be opened and which are not at present accessible to any line of railroad, and certain lumbering and other interests, issued. Public Convenience to K. & T. Ry., 450.

Pearl River Valley R. R. Co., authority to issue promissory notes to be used to take up outstanding notes to cover open accounts, and to provide funds for construction work in progress, granted. Notes of Pearl River Valley R. R., 1.

Pittsburgh & West Virginia Ry. Co., certificate of convenience and necessity for the construction of a branch line in Brooke county, W. Va., and Washington County, Pa., for the purpose of providing transportation to and from a tract of coal land which is not now accessible to any railroad, issued. Public Convenience Certificate to P. & W. V. Ry., 736.

Texas Midland R. R.:

Certificate of convenience and necessity authorizing the construction of a line between Commerce and Greenville, Tex., to bridge the present gap separating the two sections into which the line is divided, issued. Applicant is at present operating between these points over the Cotton Belt's line; a satisfactory agreement extending the present arrangement, on any terms that will be fair to both parties, does not appear possible; and it is obvious that the cutting of the applicant's line into two unconnected segments would be detrimental to the interests of the communities served by it, as well as disastrous to the applicant. Certificate of Texas Midland R. R., 445.

Authority granted to issue and sell first-mortgage refunding bonds, the proceeds to be used for the construction of a new line of railroad for which a certificate of convenience and necessity was issued in 67 I. C. C., 445. Bonds of Texas Midland R. R., 492.

Texas, Oklahoma & Eastern R. R. Co., and De Queen & Eastern R. R. Co., certificate of convenience and necessity to engage in operation over a through route between Valliant, Okla., and Dierks, Ark., formed by their respective lines together with newly constructed extensions thereof, which connect at the Arkansas-Oklahoma state line, held not to be within the Commission's jurisdiction. Applicants commenced the construction of the proposed extensions prior to the effective date of paragraph (18) of section 1 of the act, and the arrangement for operation of the trains of either over the line of the other is substantially equivalent to a trackage right only. Public Convenience Application of T., O. & E. R. R., 484.

Uintah Ry. Co., certificate of convenience and necessity authorizing the construction of an extension in Uintah county, Utah, issued and appli-

EXTENSION OF LINE—Continued.

cant authorized to retain excess earnings therefrom for a period not to exceed 10 years. Chief purpose of the road is to haul gilsonite, a species of asphalt, and other commodities from a territory not at present served by any other line. Public Convenience Certificate to Uintah Ry., 612.

Western Pacific R. R. Co., proposed construction of a branch line in Butte County, Calif., the sole purpose of which is to reach a tract of timber, not at present accessible to any line of railroad, and which will serve but a single lumber company and move no traffic except logs, *Held*: Such a branch line would be a spur track within the meaning of paragraph (18) of section 1 of the act, and paragraphs (18) to (21), inclusive, of that section, do not apply to such construction. Public Convenience Application of Western Pacific R. R., 135.

Wichita Falls & Southern R. R. Co., certificate of convenience and necessity authorizing the construction of a line of railroad in Stephens and Young counties, Tex., to form a continuous route from Wichita Falls to Breckenridge, Tex., issued. The development of extensive coal deposits has been retarded by the lack of a direct outlet to the south, proposed line would afford an outlet for this and other commodities, and while there is some doubt as to the adequacy of the prospective return, opportunity should be given the parties interested to provide themselves with needed railroad facilities. Public Convenience Certificate to Wichita Falls & Southern R. R., 184.

FEDERAL CONTROL.

The following railroads which sustained deficits in their railway operating incomes while under private operation in the federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which there is deductible certain amounts as due to the President on account of traffic balances and other indebtedness, and final settlements made:

Cairo, Truman & Southern R. R. Co., 627.

Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, receiver), 631.

Ettrick & Northern R. R. Co., 377.

Fort Smith, Subiaco & Rock Island R. R. Co., 661.

New Mexico Central Ry. Co., 105.

Tennessee, Alabama & Georgia R. R. Co. (Charles Hicks, receiver), 481.

Western Allegheny R. R. Co., 271.

The following railroads which sustained deficits in their railway operating incomes while under private operation in the federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which no amount is deductible as due to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness, and final settlements made:

Deering Southwestern Ry., 634.

Electric Short Line Ry. Co. (Arizona), 723.

Gulf, Florida & Alabama Ry. Co., 537.

Liberty White R. R. Co., 530.

Nezperce & Idaho R. R. Co., 629.

Shearwood Ry. Co., 379.

South Manchester R. R. Co., 684.

Amounts necessary to make good the guaranty of section 209 of the transportation act, 1920, ascertained and final settlement made with the fol-

FEDERAL CONTROL—Continued.

lowing carriers by deducting from such ascertained amounts sums heretofore certified for payment as advances under that section:

Ann Arbor R. R. Co., 713.

Electric Short Line Ry. Co. (Minnesota), 726.

Electric Short Line Terminal Co., 729.

FINAL SETTLEMENT.

The following roads which sustained deficits in their railway operating incomes while under private operation in the federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which there are deductible certain amounts as due to the President on account of traffic balances and other indebtedness, and final settlements made:

Cairo, Truman & Southern R. R. Co., 627.

Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, receiver), 631.

Ettrick & Northern R. R. Co., 377.

Fort Smith, Subiaco & Rock Island R. R. Co., 661.

New Mexico Central Ry. Co., 105.

Tennessee, Alabama & Georgia R. R. Co. (Charles Hicks, receiver), 481.

Western Allegheny R. R. Co., 271.

The following roads which sustained deficits in their railway operating incomes while under private operation in the federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which no amounts are deductible as due to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness, and final settlements made:

Deering Southwestern Ry., 634.

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Gulf, Florida & Alabama Ry. Co., 537.

Liberty White R. R. Co., 530.

Nezperce & Idaho R. R. Co., 629.

Shearwood Ry. Co., 379.

South Manchester R. R. Co., 684.

Amounts necessary to make good the guaranty of section 209 of the transportation act, 1920, ascertained, and final settlement made with the following roads by deducting from such ascertained amounts sums heretofore certified for payment as advances under that section:

Ann Arbor R. R. Co., 713.

Electric Short Line Ry. Co. (Minnesota), 726.

Electric Short Line Terminal Co., 729.

FIRST-MORTGAGE BONDS. *See BONDS.*

FIXED CHARGES.

Texas Short Line Ry. Co., authority to issue first-mortgage bonds and to use them for the purpose of refunding a like principal amount of maturing first-mortgage bonds, which are secured by applicant's mortgage or deed of trust, denied. The continuance of such heavy fixed charges as here involved is not compatible with the interests of either the applicant or of the public, and the record discloses no facts tending to show that the prospective earnings or the operating ratio of the applicant will improve. Bond Application of Texas Short Line Ry., 400.

FLEXIBLE ASSETS.

Stocks of advertising, mining, timber, and land companies, United States government bonds and certificates of indebtedness, municipal bonds, and steel company bonds, are flexible assets which the Commission deems improper to permit applicant to capitalize. If it should be thought desirable to distribute the portion of surplus invested in such securities among stockholders, applicant would be able to apportion the securities themselves or distribute the proceeds thereof. They are neither property used or useful in rendering the public service nor an assured part of any surplus. Stock of Delaware, Lackawanna & Western R. R., 428 (433-434).

FREIGHT TRAIN EQUIPMENT. *See* EQUIPMENT.

GOLD BONDS. *See* BONDS.

GUARANTOR BY INDORSEMENT. *See* OBLIGATIONS OR LIABILITIES.

GUARANTY.

Amounts necessary to make good the guaranty of section 209 of the transportation act, 1920, ascertained, and final settlements made with the following roads by deducting from ascertained amounts sums heretofore certified for payments as advances under that section:

Ann Arbor R. R. Co., 713.

Electric Short Line Ry. Co. (Minnesota), 726.

Electric Short Line Terminal Co., 729.

IMPLIED TRUST.

The doctrine of implied trust, sometimes applied to donated property by courts and commissions, has no application to excessive return, for the payment of rates carried with it no requirement that the funds be left in the business or used for the public benefit. Its strained application to carriers who have made additions and betterments from surplus would only penalize those who came nearest to benefiting the public. The surplus from income in such cases was unrestricted legal property of the company, and ceased to be funds of the public before the decision to divert it to either dividends or additions and betterments was made. Stock of Delaware, Lackawanna & Western R. R., 426 (432).

IMPROVEMENT BONDS. *See* BONDS.

IMPROVEMENTS. *See* ADDITIONS AND BETTERMENTS.

INCOME. *See* EARNINGS.

INTEREST.

Bergen County R. R. Co., authority to enter into extension supplements with holders of first-mortgage bonds, extending the maturity date thereof, and increasing the rate of interest, granted. Bonds of Bergen County R. R., 352.

Delaware & Hudson Co., authority to assume obligation or liability as guarantor by indorsement in respect to the payment of interest on certain first-mortgage gold bonds of the Rennselaer & Saratoga R. R. Co.; and to sell said bonds at not less than par and accrued interest, the proceeds to be used solely to pay maturing bonds of the Rennselaer & Saratoga R. R. Co., granted. Bonds of Rennselaer & Saratoga R. R., 494.

INTERURBAN RAILROAD. *See* ELECTRIC LINES.

ISSUANCE OF SECURITIES. *See* SECURITIES.

JURISDICTION.

Abandonment:

Arkansas & Louisiana Missouri Ry. Co. issuance of certificate of convenience and necessity to permit the abandonment of a line of railroad in Ashley county, Ark., found not within the Commission's

JURISDICTION—Continued.

Abandonment—Continued.

jurisdiction, applicant having discontinued operation prior to the effective date of paragraph (18) of section 1 of the act, under such circumstances as clearly indicate an intention to effect a complete and permanent abandonment. Certificate to Arkansas & Louisiana Missouri Ry., 781.

Marshall & East Texas Ry. Co., certificate of convenience and necessity to permit the abandonment of its line in Wood, Upshur, and Harrison counties, Tex., found not within the Commission's jurisdiction, applicant having ceased operation, under order of a federal court, prior to the effective date of paragraph (18) of section 1 of the act. Public Convenience Application M. & E. T. Ry., 365. Affirmed on re-argument in 67 I. C. C., 744.

Acquisition of Control:

Arkansas R. R., issuance of certificate of convenience and necessity to acquire and operate a line of railroad formerly owned by the Gould Southwestern Ry. Co., in Lincoln county, Ark., found unnecessary as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Certificate to Arkansas R. R., 785.

Duluth & Iron Range R. R. Co., certificate of convenience and necessity to operate trains over a branch line in St. Louis county, Minn., found unnecessary as applicant began operation of this line prior to effective date of paragraph (18) of section 1 of the act. Public Convenience of D. & I. R. R. R., 454.

Evansville, Indianapolis & Terre Haute Ry. Co., proposed acquisition and operation of a line of railroad in Indiana heretofore owned and operated by the Evansville & Indianapolis R. R., which does not involve the acquisition or operation of a new line or extension of railroad, but concerns a road which was constructed and in operation prior to the effective date of paragraphs (18) to (20) of section 1 of the act, found not within the Commission's jurisdiction and certificate of convenience and necessity is unnecessary. Public Convenience Application of E., I. & T. H. Ry., 509.

Grand Trunk Western Ry. Co., proposed acquisition and operation of the Lansing Connecting R. R., in Ingham county, Mich., which was in operation in interstate commerce prior to the effective date of paragraph (18) of section 1 of the act, found not within the Commission's jurisdiction and certificate of convenience and necessity is unnecessary. Public Convenience Application of G. T. W. Ry., 780.

Missouri Pacific R. R. Co., certificate of convenience and necessity for the acquisition and operation of the line of railroad heretofore owned and operated by the Little Rock & Argenta Ry. Co., in Pulaski county, Ark., held not to be within the Commission's jurisdiction. Proposal does not involve the construction, operation, or extension of a new line of railroad, subsequent to the effective date of paragraph (18) of section 1 of the act, nor the operation of a carrier not heretofore engaged in interstate or foreign commerce. Public Convenience of Missouri Pacific R. R., 479.

Pittsburgh & West Virginia Ry. Co., certificate of convenience and necessity to acquire and operate the West Side Belt R. R. Co., in Allegheny county, Pa., found unnecessary as such line was acquired

JURISDICTION—Continued.

Acquisition of Control—Continued.

and in operation prior to the effective date of paragraph (18) of section 1 of the act. Pittsburgh & West Virginia Ry. Co., 786.

Tennessee & North Carolina Ry. Co., proposed acquisition and operation of a line of railroad in Tennessee and North Carolina, which does not involve the acquisition or operation of a new line of railroad or extension thereof, but concerns a road constructed and operated prior to the effective date of paragraph (18) of section 1 of the act, found not within the Commission's jurisdiction and certificate of convenience and necessity is unnecessary. Public Convenience Application of T. & N. C. Ry., 779.

Texas City Terminal Ry. Co., issuance of certificate of convenience and necessity to acquire and operate the line of railroad formerly owned by the Texas City Transportation Co., and operated by the Texas City Terminal Co., as lessee, in Galveston county, Tex., found unnecessary as such line was acquired and in operation prior to the effective date of paragraph (18) of section 1 of the act. Certificate to Texas City Terminal Ry., 787.

Branch-Line Construction: Western Pacific R. R. Co., proposed construction of a branch line in Butte county, Calif., the sole purpose of which is to reach a tract of timber, not at present accessible to any line of railroad, and which will serve but a single lumber company and move no traffic except logs, *Held*: Such a branch line would be a spur track within the meaning of paragraph (18) of section 1 of the act, and paragraphs (18) to (21), inclusive, of that section, do not apply to such construction. Public Convenience Application of Western Pacific R. R., 135.

Contracts: Louisiana Ry. & Navigation Co., proposed execution of a contract for the purchase of a locomotive from the War Department, found not to be within the Commission's jurisdiction. No notes covering deferred payments are proposed to be issued, and the only "security" to be authorized is the agreement. This is not regarded as a security within the meaning of paragraph (2) of section 20a of the act. Application of Louisiana Ry. & Nav. Co., 808.

Electric Lines: An electric interurban railroad, not operated as a part of a general steam railroad system of transportation, held not within the provisions of paragraph (18), section 1, of the act and the Commission is without jurisdiction to issue a certificate of convenience and necessity permitting it to resume the operation in interstate commerce of its property, heretofore operated under a lease, the lessee having defaulted and surrendered the property to the applicant. Public Convenience of Michigan United Rys., 452.

Exchange of Securities: Holders of small blocks of bonds have protested against a reorganization plan of exchanging bonds for stock. This is a matter properly to be brought before the court having jurisdiction in the premises, which has expressly reserved the determination of the equities in the receivership proceeding. Bonds of Chicago & Eastern Illinois Ry., 61 (64).

Extension of Line: Texas, Oklahoma & Eastern R. R. Co. and De Queen & Eastern R. R. Co., certificate of convenience and necessity to engage in operation over a through route between Valliant, Okla., and Dierks, Ark., formed by their respective lines, together with newly constructed extensions thereof, which connect at the Arkansas-Oklahoma state line, held

JURISDICTION—Continued.

Extension of Line—Continued.

not to be within the Commission's jurisdiction. Applicants commenced the construction of the proposed extensions prior to the effective date of paragraph (18) of section 1 of the act, and the arrangement for operation of the trains of either over the line of the other is substantially equivalent to a trackage right only. Public Convenience Application of T. O. & E. R. R., 484.

Issuance of Securities:

The Commission has jurisdiction over the issuance of short-term promissory notes in renewal of other notes for like amounts. Notes of Pittsburgh & Lake Erie R. R., 94 (95).

Paragraph (7) of section 20a of the act confers jurisdiction upon the Commission to authorize the issue of securities by carriers, and carriers may issue securities and assume obligations or liabilities in accordance with the provisions of that section without securing other approval. Equipment-Trust Certificates of C. & N. W. Ry., 198 (201).

Paragraph (2) of section 20a of the act provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, the Commission authorizes such issue. Any security for the issue of which the Commission's authority is required is void if issued without said authority having been first obtained. *Id.* (201).

While it is within the Commission's province to authorize the issuance of receiver's certificates, it is not to be understood that by giving such authority the Commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificates of Wichita Falls & Northwestern Ry., 389 (390); Certificates of St. Louis, El Reno & Western R. R., 559 (560).

Authority to issue stock can not be claimed as a right. It is within the Commission's discretion, subject to the limitation that it shall grant authority only if it is able to make the necessary finding as provided in section 20a of the act. If a carrier is lawfully entitled to earn a return upon the fair value of property acquired out of surplus, this right will persist whether or not a stock issue is permitted. Stock of D. L. & W. R. R., 426 (431).

New Line Construction: Uvalde & Northern Ry. Co., on rehearing, former report 67 I. C. C., 204, construction and operation of a line of railroad in Uvalde and Real counties, Tex., held not to be within the Commission's jurisdiction. Construction was begun in good faith prior to the effective date of section 1, paragraph 18, and no certificate of public convenience and necessity is required. Public Convenience Application of U. & N. Ry., 554.

Relocation of Line:

A project involving purely a relocation of an existing line under which applicant's whole line will still be in service as before, and will render exactly the same service in a new location, found not to constitute an abandonment of a line or the construction of a new line or ex-

JURISDICTION—Continued.

Relocation of Line—Continued.

tension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P., N. & N. Y., R. R., 252.

Proposed relocation of a portion of main line in order to avoid objectionable grades and curves on the original location, and which will result in substantial operating economies, found not to constitute an abandonment of a line of railroad within the meaning of paragraph (18), section 1 of the act, and no certificate of convenience and necessity is necessary. Public Convenience Application of P. R. V. R. R., 748.

Short-Term Notes Issues: The exemption of short-term notes issues from the regulatory power of the Commission under section 20a, paragraph (9) of the act, was a recognition of the necessity of leaving to the carrier, to enable it to quickly and easily meet current financial exigencies, a certain leeway, a freedom of action within prescribed limits, in the negotiation of short-term loans. The exemption, however, is confined to the issue of short-term notes, and does not extend to securities which the carrier may desire to pledge as security for such notes. Bonds of Baltimore & Ohio R. R., 10 (11).

Trackage Agreements: Arkansas & Louisiana Missouri Ry. Co., contracts made with the Missouri Pacific and Louisiana & Pine Bluff railroads, granting trackage rights only, found not to fall within the jurisdiction conferred by paragraph (18), section 1 of the act, and certificate of convenience and necessity for authority to exercise such trackage rights is unnecessary. Certificate to Arkansas & Louisiana Missouri Ry., 781.

LEASE.

Erie R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates, to be issued under an agreement of assignment of lease by the U. S. Mortgage & Trust Co., trustee, by guaranteeing the prompt payment of the principal thereof and dividends thereon, granted. Equipment-Trust Obligation of Erie R. R., 315.

Illinois Central R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal thereof and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligations of Illinois Central R. R., 237.

Indiana Harbor Belt R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Guaranty Trust Co. of New York, trustee; and by entering into a lease or leases of the trust equipment, and thereby agreeing to pay rent sufficient to pay the principal thereof and dividends thereon, granted. Equipment-Trust Obligations of Indiana Harbor Belt R. R., 241.

Lake Erie, Franklin & Clarion R. R. Co., authority to assume obligation and liability in respect of preferred certificates to be pledged with the Secretary of the Treasury as security for a loan from the United States, to aid it in the procurement of a locomotive, and a deferred cer-

LEASE—Continued.

tificate to be pledged as security for a note by entering into an equipment-trust agreement under which the certificates will be issued by the Lamberton National Bank as trustee, and thereby agreeing to guarantee payment of the principal thereof and dividends thereon by indorsing upon each certificate a guaranty of such payment; and by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Note of Lake Erie, Franklin & Clarion R. R., 639.

Missouri Pacific R. R. Co., authority to assume obligation or liability in respect of certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal thereof and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligation of Missouri Pacific R. R., 123.

LEASE WARRANTS. *See* NOTES.

LIABILITIES. *See* OBLIGATIONS OR LIABILITIES.

LIENS. *See also* LEASE.

While it is within the Commission's province to authorize the issuance of receiver's certificates, it is not to be understood that by giving such authority the Commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificates of Wichita Falls & Northwestern Ry., 389 (390). Certificates of Toledo, St. Louis & Western R. R., 559 (560).

LOANS TO CARRIERS.

Acquisition of Equipment:

Applications Cancelled:

Atchison, Topeka & Santa Fe Ry. Co., 88.

Applications Granted:

Bangor & Aroostook R. R. Co. through the National Ry. Service Corporation, 412.

Chicago, Rock Island & Pacific Ry. Co. through the National Ry. Service Corporation, 569.

Indiana Harbor Belt R. R. Co., 89.

Missouri, Kansas & Texas Ry. Co. of Texas, 498.

National Ry. Service Corp., for and in behalf of—

Bangor & Aroostook R. R. Co., 412.

Chicago, Rock Island & Pacific Ry. Co., 569.

New Orleans, Texas & Mexico Ry. Co., 219.

Wheeling & Lake Erie Ry. Co., 588.

New Orleans, Texas & Mexico Ry. Co. through the National Ry. Service Corp., 219.

Wheeling & Lake Erie Ry. Co. through the National Ry. Service Corp., 588.

Application Granted in Part—

Minneapolis & St. Louis R. R. Co. through the National Railway Service Corporation, 580.

LOANS TO CARRIERS—Continued.

Acquisition of Locomotives:

International & Great Northern Ry. Co., application for loan to provide switching and freight locomotives, granted. Loan to International & Great Northern Ry., 129.

Lake Erie, Franklin & Clarion R. R. Co., application for loan to aid in providing one locomotive, granted. Loan to Lake Erie, Franklin & Clarion R. R., 489.

Norfolk Southern R. R. Co., application for a loan to provide second-hand consolidated freight locomotives and switching locomotives, granted. Loan to Norfolk Southern R. R., 108.

Toledo, St. Louis & Western R. R. Co., application for loan to aid in providing switching and freight locomotives, granted in part. Loan to Toledo, St. Louis & Western R. R., 549.

Additions and Betterments:

Chesapeake & Ohio Ry. Co., application for loan to aid in providing, to way and structures, granted. Loan to Chesapeake & Ohio Ry., 407.

Evansville, Indianapolis & Terre Haute Ry. Co., application for loan to provide, to way and structures, granted. Loan to Evansville, Indianapolis & Terre Haute Ry., 540.

Fernwood, Columbia & Gulf R. R. Co., application for loan to aid in providing, granted. Loan to Fernwood, Columbia & Gulf R. R., 402.

Fort Dodge, Des Moines & Southern R. R. Co., application for a loan to aid in making additions and betterments to existing equipment, granted. Loan to Fort Dodge, Des Moines & Southern R. R., 286.

Georgia & Florida Ry., application for loan to provide, to roadway, granted. Loan to Georgia & Florida Ry., 301.

Indiana Harbor Belt R. R. Co., application for a loan to provide, to miscellaneous equipment and way and structures, granted. Loan to Indiana Harbor Belt R. R., 89.

International & Great Northern Ry. Co., application for loan to provide, to way and structures, granted. Loan to International & Great Northern Ry., 129.

Louisville & Jeffersonville Bridge & R. R. Co., application for loan to provide, to way and structures, granted. Loan to Louisville & Jeffersonville Bridge & R. R., 81.

New Orleans, Texas & Mexico Ry. Co., application for loan to provide, to way and structures, granted. Loan to New Orleans, Texas & Mexico Ry., 73.

Norfolk Southern R. R. Co., application for a loan to provide for the regrading and realignment of way and structures, granted. Loan to Norfolk Southern R. R., 108.

Salt Lake & Utah R. R. Co., application for loan to provide, to way and structures, granted. Loan to Salt Lake & Utah R. R., 791.

Seaboard Air Line Ry. Co.:

Application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Seaboard Air Line Ry., 295.

Upon supplemental report, authority granted to divert part of the proceeds of the loan certified in 65 I. C. C., 163, for providing itself with additions and betterments to roadway and equipment, to a certain purpose, thereby reducing expenditures for other purposes in like amount, granted. Partial Diversion of Loan to Seaboard Air Line Ry., 686.

LOANS TO CARRIERS—Continued.

Additions and Betterments—Continued.

Toledo, St. Louis & Western R. R. Co., application for loan to aid in providing, to way and structures, granted in part. Loan to Toledo, St. Louis & Western R. R., 549.

Waterloo, Cedar Falls & Northern Ry. Co., application for loan to provide, to way and structures, granted in part. Loan to Waterloo, Cedar Falls & Northern Ry., 325.

Wichita Northwestern Ry. Co., application for loan to aid in providing, to way and structures, granted. Loan to Wichita Northwestern Ry., 522.

Cases in Which Applications for Loans Granted:

Bangor & Aroostook R. R. Co. through the National Railway Service Corporation, 412.

Charles City Western Ry. Co., 596.

Chicago, Milwaukee & St. Paul Ry. Co., 518.

Cumberland & Manchester R. R. Co., 603.

Evansville, Indianapolis & Terre Haute Ry. Co., 540.

Fernwood, Columbia & Gulf R. R. Co., 402.

Fort Dodge, Des Moines & Southern R. R. Co., 286.

Georgia & Florida Ry., 301.

Greene County R. R. Co., 226.

International & Great Northern Ry. Co., 129.

Interurban Ry. Co., 333.

Lake Erie, Franklin & Clarion R. R. Co., 489.

Louisville & Jeffersonville Bridge & R. R. Co., 81.

Missouri, Kansas & Texas Ry. Co. of Texas, 498.

National Railway Service Corporation, for and in behalf of—

Bangor & Aroostook R. R. Co., 412.

New Orleans, Texas & Mexico Ry. Co., 219.

Pennsylvania R. R. Co., 618.

Salt Lake & Utah R. R. Co., 791.

Cases in Which Applications for Loans Granted in Part:

Alabama, Tennessee & Northern R. R. Corp., 4.

Chesapeake & Ohio Ry. Co., 407.

Chicago, Rock Island & Pacific Ry. Co. through the National Ry. Service Corp., 569.

Flemingsburg & Northern R. R. Co., 306.

Indiana Harbor Belt R. R. Co., 89.

Minneapolis & St. Louis R. R. Co., 321; 580.

National Ry. Service Corporation for and in behalf of—

Chicago, Rock Island & Pacific Ry. Co., 569. .

Minneapolis & St. Louis R. R. Co., 580.

Wheeling & Lake Erie Ry. Co., 588.

New Orleans, Texas & Mexico Ry. Co., 73; 219.

Norfolk Southern R. R. Co., 108. .

Seaboard Air Line Ry. Co., 189; 295.

Tampa Northern R. R. Co., 475.

Toledo, St. Louis & Western R. R. Co., 549.

Virginia Blue Ridge Ry. Co., 358.

Waterloo, Cedar Falls & Northern Ry. Co., 325.

Wheeling & Lake Erie Ry. Co. through the National Ry. Service Corp., 588.

Wichita Northwestern Ry. Co., 522.

LOANS TO CARRIERS—Continued.**To Meet Maturities:****Applications Granted—**

Alabama, Tennessee & Northern R. R. Corp., 4.
 Charles City Western Ry. Co., 596.
 Chicago, Milwaukee & St. Paul Ry. Co., 518.
 Cumberland & Manchester R. R. Co., 603.
 Fernwood, Columbia & Gulf R. R. Co., 402.
 Georgia & Florida Ry., 301.
 Greene County R. R. Co., 226.
 Interurban Ry. Co., 333.
 Minneapolis & St. Louis R. R. Co., 321.
 Pennsylvania R. R. Co., 618.
 Salt Lake & Utah R. R. Co., 791.

Applications Granted in Part—

Flemingsburg & Northern R. R. Co., 306.
 Seaboard Air Line Ry. Co., 189; 295.
 Tampa Northern R. R. Co., 475.
 Virginia Blue Ridge Ry. Co., 358.
 Waterloo, Cedar Falls & Northern Ry. Co., 325.
 Wichita Northwestern Ry. Co., 522.

LOCOMOTIVES. See also EQUIPMENT.

Baltimore & Ohio R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates heretofore issued under the Seaboard Air Line Ry. Co. equipment trust in connection with the procurement of locomotives and tenders, granted. Equipment-Trust Obligation of Baltimore & Ohio R. R., 666.

Fredericksburg & Northern Ry. Co., authority to issue promissory notes in connection with the procurement of one locomotive, granted. Note of Fredericksburg & Northern Ry., 397.

International & Great Northern Ry. Co., application for loan to provide switching and freight locomotives, granted. Loan to International & Great Northern Ry., 129.

Lake Erie, Franklin & Clarion R. R. Co.:

Application for loan to aid in providing one locomotive, granted. Loan to Lake Erie, Franklin & Clarion R. R., 489.

Authority to issue a promissory note, the proceeds thereof to be used in procuring a locomotive, granted. Note of Lake Erie, Franklin & Clarion R. R., 639.

Norfolk & Portsmouth Belt Line R. R. Co., authority to issue promissory notes to cover periodical payments to be made in connection with the procurement of two locomotives, granted. Notes of Norfolk & Portsmouth Belt Line R. R., 367.

Norfolk Southern R. R. Co., application for a loan to provide for the purchase of secondhand consolidated freight and switching locomotives, granted. Loan to Norfolk Southern R. R., 108.

Norwood & St. Lawrence R. R. Co., authority to issue promissory notes in connection with the procurement of a locomotive, granted. Securities of Norwood & St. Lawrence R. R., 699.

St. Louis Southwestern Ry. Co. and St. Louis Southwestern Ry. Co., of Texas, authority to issue joint promissory notes in connection with the procurement of 10 locomotives, granted. Notes of St. Louis Southwestern Ry., 510.

LOCOMOTIVES—Continued.

Toledo, St. Louis & Western R. R. Co., application for loan to aid in providing switching and freight locomotives, granted in part. Loan to Toledo, St. Louis & Western R. R., 549.

Washington & Lincolnton R. R. Co., authority to issue promissory notes in connection with the procurement of a locomotive, granted. Securities of Washington & Lincolnton R. R., 774.

MATURITIES.

Alabama, Tennessee & Northern R. R. Corp., application for loan to meet, granted. Loan to Alabama, Tennessee & Northern R. R., 4.

Bergen County R. R. Co., authority to enter into extension supplements with holders of first-mortgage bonds, extending the maturity date thereof and increasing the rate of interest, granted. Bonds of Bergen County R. R., 352.

Central R. R. Co. of N. J., authority to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of first-mortgage bonds of the American Dock & Improvement Co., the maturity date of which will be extended and the rate of interest increased, pursuant to a proposed extension contract with the holders of said bonds, granted. Bond Guarantee by Central R. R. Co. of N. J., 721.

Central R. R. Co. of South Carolina, authority to issue and sell refunding bonds to retire a like amount of maturing first-mortgage gold bonds, granted. Bonds of Central R. R. of South Carolina, 756.

Charles City Western Ry. Co., application for loan to meet, granted. Loan to Charles City Western Ry., 596.

Chicago, Milwaukee & St. Paul Ry. Co., application for loan to aid in meeting, granted. Loan to Chicago, Milwaukee & St. Paul Ry., 518.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue to the order of the C. & N. W. Ry. Co., a promissory note in renewal of a matured note, and to repledge as security therefor debenture gold bonds now pledged with said C. & N. W. Ry. Co., as security for the existing note, granted. Notes of Chicago, St. Paul, Minneapolis & Omaha Ry., 90.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to issue promissory notes in renewal of other maturing promissory notes, granted. Notes of C., C., C. & St. L. Ry., 424.

Cumberland & Manchester R. R. Co., application for a loan to aid in meeting, granted. Loan to Cumberland & Manchester R. R., 603.

Death Valley R. R. Co., authority to issue and sell common capital stock, the proceeds thereof to be used to retire matured first-mortgage bonds, granted. Such issue of stock and retirement of bonds as proposed will not increase applicant's capitalization and will reduce its fixed interest charges. Stock of Death Valley R. R., 670.

Delaware & Hudson Company, authority to assume obligation or liability as guarantor by indorsement in respect to the payment of interest on certain first-mortgage gold bonds of the Rennselaer & Saratoga R. R. Co.; and to sell said bonds at not less than par and accrued interest, the proceeds to be used solely to pay maturing bonds of the Rennselaer & Saratoga R. R. Co., granted. Bonds of Rennselaer & Saratoga R. R., 494.

Fernwood, Columbia & Gulf R. R. Co., application for loan to meet, granted. Loan to Fernwood, Columbia & Gulf R. R., 402.

Flemingsburgh & Northern R. R. Co., application for loan to meet, granted in part. Loan to Flemingsburgh & Northern R. R., 306.

MATURITIES—Continued.

Georgia & Florida Ry., application for loan to meet, granted. Loan to Georgia & Florida Ry., 301.

Greene County R. R. Co., application for loan to meet, granted. Loan to Greene County R. R., 226.

Indiana Harbor Belt R. R. Co., authority to issue a short-term promissory note in renewal of a maturing promissory note for a like amount, granted. Note of Indiana Harbor Belt R. R., 120.

Interurban Ry. Co., application for loan to meet, granted. Loan to Interurban Ry., 333.

Minneapolis & St. Louis R. R. Co., application for loan to meet, granted. Loan to Minneapolis & St. Louis R. R., 321.

Pennsylvania R. R. Co., application for a loan to aid in meeting, granted. Loan to Pennsylvania R. R. Co., 618.

St. Louis, El Reno & Western Ry. Co., authority to issue and sell receiver's certificates, the proceeds to be used to retire receiver's certificates now past due, and to pay uncertificated indebtedness incurred by the receiver, granted. Certificates of St. Louis, El Reno & Western R. R., 559.

Salt Lake & Utah R. R. Co., application for loan to meet, granted. Loan to Salt Lake & Utah R. R., 791.

Seaboard Air Line Ry. Co., application for loan to meet, granted in part. Loan to Seaboard Air Line Ry., 189; 295.

Southern Ry. Co., authority to issue and sell first consolidated mortgage bonds for the purpose of retiring maturing mortgage bonds, granted. Bonds of Southern Ry., 96.

Tampa Northern R. R. Co.:

Application for loan to aid in meeting, granted in part. Loan to Tampa Northern R. R., 475.

Authority to issue a promissory note in part renewal of a matured promissory note; and to issue from time to time a note or notes in renewal thereof, granted. Note of Tampa Northern R. R., 741.

Virginia Blue Ridge Ry.:

Authority to issue promissory notes, and to use said notes to extend loans evidenced by past due promissory notes for a like aggregate amount; and to pledge as collateral security for certain of said notes its first-mortgage bonds, granted. Notes of Virginia Blue Ridge Ry., 267.

Application for a loan to aid in meeting, granting in part. Loan to Virginia Blue Ridge Ry., 358.

Waterloo, Cedar Falls & Northern Ry. Co., application for loan to meet, granted in part. Loan to Waterloo, Cedar Falls & Northern Ry., 325.

Wichita Northwestern Ry. Co., application for loan to aid in meeting, granted in part. Loan to Wichita Northwestern Ry., 522.

Wilmington, Brunswick & Southern R. R. Co., authority to issue short-term promissory notes in renewal of other maturing notes representing cash loans the proceeds of which were used in the purchase of material, equipment, and land, and in the construction of station buildings and docks, granted. Notes of Wilmington, Brunswick & Southern R. R., 230.

MERGER. See ACQUISITION OF CONTROL.

MORTGAGE BONDS. See BONDS.

MOTOR-VEHICLE COMPETITION. See COMPETITION (MOTOR-VEHICLE).

NARROW-GAUGE LINE.

Patterson & Western R. R. Co., certificate of convenience and necessity authorizing the abandonment of its line of railroad in Stanislaus county, Calif., issued. Line was originally built to afford access to mineral

NARROW-GAUGE LINE—Continued.

deposits, which were then supposed to be valuable. Supposition was later found erroneous, and idea of developing the deposits was abandoned. There is little traffic available at present and no prospect of any substantial amount in the near future. Public Convenience Certificate to P. & W. R. R., 746.

NEW LINES. See also EXTENSION OF LINE.

In General: A project involving purely a relocation of an existing line under which applicant's whole line will still be in service as before and will render exactly the same service in a new location, found not to constitute an abandonment of a line of railroad or the construction of a new line or extension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P., N. & N. Y. R. R., 252.

Alaska Anthracite R. R. Co., authority to issue and sell first-mortgage gold bonds, the proceeds thereof to be used to pay for construction and equipment and to discharge bonds and other indebtedness, granted. Applicant proposes to resume construction work of the line which was suspended because of war conditions, and to complete and equip its railroad during the current open season. Bonds of Alaska Anthracite R. R., 663.

Detroit & Ironton R. R. Co.:

Certificate of convenience and necessity issued authorizing the construction of a line of railroad in Wayne County, Mich., and authority granted to retain excess earnings therefrom for a period of not to exceed 10 years. Proposed line will relieve congestion, avoid repeated switching and reclassification of cars and the consequent delay in deliveries, and become a useful addition to the railroad trackage of the Detroit industrial district. Public Convenience Certificate to D. & I. R. R., 600.

Authority to issue and sell capital stock, the proceeds thereof to be used in constructing a line of railroad pursuant to certificate of public convenience and necessity issued in 67 I. C. C., 600, granted. Stock of Detroit & Ironton R. R., 731.

Golden Belt R. R. of Kansas, certificate of convenience and necessity for the construction of a new line between Great Bend and Hays, Kans., denied. Traffic which may reasonably be expected is inadequate to support the project; estimated cost of construction does not indicate that a line is contemplated which will be well constructed or which may be economically operated; and the financial plan under which the communities involved will pay more than half of the cost does not indicate a great degree of confidence on the part of the promoters, in a substantial profit from operation. Public Convenience of Golden Belt R. R., 370.

Uvalde & Northern Ry. Co.:

Certificate of convenience and necessity for the construction of a new line of railroad in Uvalde and Real counties, Texas, denied. The handling of an available supply of timber is the chief motive for building the line, and without the expected tonnage from this traffic there is nothing that indicates a reasonable hope of the development of a sufficient volume of traffic in this territory to pay a return on the investment, if indeed there will be enough to pay operating expenses. Application of Uvalde & Northern Ry., 204.

On rehearing, former report 67 I. C. C., 204, construction and operation of a line of railroad in Uvalde and Real counties, Tex., held not to

NEW LINES—Continued.

Uvalde & Northern Ry. Co.—Continued.

be within the Commission's jurisdiction. Construction was begun in good faith prior to the effective date of section 1, paragraph (18) of the act and no certificate of public convenience and necessity is required. Public Convenience Application of U. & N. Ry., 554.

NONCUMULATIVE STOCK. *See* Stocks.

NOTES.

In General:

The exemption of short-term notes issues from the regulatory power of the Commission under Section 20a, paragraph (9) of the act, was a recognition of the necessity of leaving to the carrier, to enable it to quickly and easily meet current financial exigencies, a certain leeway, a freedom of action within prescribed limits, in the negotiation of short-term loans. The exemption, however, is confined to the issue of short-term notes, and does not extend to securities which the carrier may desire to pledge as security for such notes. Bonds of Baltimore & Ohio R. R., 10 (11).

It is obvious that freedom of action in the negotiation of short-time loans would be substantially curtailed if, before each issue of notes, it were necessary to obtain an order authorizing the pledge of bonds to be offered as security therefor. The necessity for such loans can not always be foreseen, and the opportunity to make them upon favorable terms might be lost during the delay incident to securing such authorization. Advance authorization of the pledge of bonds as security for short-term notes is therefore in harmony with paragraph (9) of section 20a of the act. *Id.* (11).

The Commission has jurisdiction over the issuance of short-term promissory notes in renewal of other notes for like amounts. Notes of Pittsburgh & Lake Erie R. R., 94 (95).

Alabama & Vicksburg Ry. Co., authority to issue promissory notes in payment of maturing first-mortgage bonds; to issue first-mortgage bonds under a proposed mortgage; to pledge said bonds as collateral security for said promissory notes; and to pledge said bonds with the Secretary of the Treasury as security for loans from the United States, granted. Notes of Alabama & Vicksburg Ry., 233.

Baltimore & Ohio R. R. Co.:

Authority to pledge from time to time refunding and general mortgage bonds as security for short-term notes which may be issued without authorization to meet temporary requirements, granted. Bonds of Baltimore & Ohio R. R., 10.

Authority to assume obligation or liability in respect of equipment-trust gold notes in connection with the procurement of steel hopper cars, granted. Equipment-Trust Obligation of Baltimore & Ohio R. R., 707.

Bangor & Aroostook R. R. Co., authority to issue conditional sale purchase notes, in conditional purchase of equipment under the terms of a contract entered into pursuant to the National Railway Service Corporation's equipment trust; to assume obligation or liability as guarantor and indorser in respect of an obligation of the National Railway Service Corp. to the United States for a loan on account of said equipment; and to pledge consolidated refunding mortgage gold bonds with the Secretary of the Treasury as security in part for said loan, granted. Notes of Bangor & Aroostook R. R., 533.

NOTES—Continued.

Boyne City, Gaylord & Alpena R. R. Co., authority to issue from time to time short-term promissory notes to enable it to pay maturing short-term loans, interest on its funded debt, obligations for equipment bought, taxes, and payments to interchange roads when called, granted. Notes of Boyne City, Gaylord & Alpena R. R., 102.

Chicago, Rock Island & Pacific Ry. Co., authority to issue lease warrants in the form of promissory notes to cover deferred payments of rental for steel coaches and chair cars, which were leased to the applicant by an agreement between it and the Pullman Co., granted. Lease Warrants of Chicago, Rock Island & Pacific Ry., 716.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue to the order of the C. & N. W. Ry. Co. a promissory note in renewal of a matured note, and to repledge as security therefor debenture gold bonds now pledged with said C. & N. W. Ry. Co., as security for the existing note, granted. Notes of Chicago, St. Paul, Minneapolis & Omaha Ry., 99.

Chicago, Terre Haute & Southeastern Ry. Co., authority to issue promissory notes and maturities for the purpose of refunding the amount remaining unpaid of applicant's demand notes now outstanding; and to pledge as collateral security for said notes all or part of its first and refunding mortgage gold bonds, granted. Notes of Chicago, Terre Haute & Southeastern Ry., 710.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to issue promissory notes in renewal of other maturing promissory notes, granted. Notes of C., C. & St. L. Ry., 424.

Fredericksburg & Northern Ry. Co.:

Authority to issue a short-term promissory note to cover certain advances made to it to purchase ties and timbers and for current expenses, granted. Note of Fredericksburg & Northern Ry., 393.

Authority to issue promissory notes in connection with the procurement of one locomotive, granted. Note of Fredericksburg & Northern Ry., 397.

Indiana Harbor Belt R. R. Co., authority to issue a short-term promissory note in renewal of a maturing promissory note for a like amount, granted. Note of Indiana Harbor Belt R. R., 120.

Kansas City Southern Ry. Co., authority to issue promissory notes in respect to the purchase of certain land required for roundhouse and switchback purposes, granted. Notes of Kansas City Southern Ry., 486.

Kansas City Terminal Ry. Co., authority to issue and sell or to exchange for maturing notes secured gold notes, and to pledge as collateral security for the proposed notes first-mortgage gold bonds, granted. Notes of Kansas City Terminal Ry., 718.

Lake Erie & Western R. R. Co. and others: Authority to assume obligations and liabilities as guarantors by indorsement in respect to the principle and interest of certain notes to be issued by the Peoria & Pekin Union Ry. Co. and payable to the Secretary of the Treasury, the amount of the note to be indorsed to be in the same ratio to a certain loan to said railway company from the United States, as the amount of capital stock of the Peoria & Pekin Union Ry. Co. held by that applicant is to the amount of such capital stock now outstanding, granted. Guarantor Obligations of Lake Erie & Western R. R., 137.

Lake Erie, Franklin & Clarion R. R. Co., authority to issue a promissory note, the proceeds thereof to be used in procuring a locomotive and in

NOTES—Continued.

- reduction of existing indebtedness, granted. Note of Lake Erie, Franklin & Clarion R. R., 639.
- Los Angeles & Salt Lake R. R. Co., authority to issue promissory notes, the proceeds to be used for the sole purpose of meeting anticipated requirements during the year 1921 other than operating expenses, granted. Notes of Los Angeles & Salt Lake R. R., 622.
- Louisiana & Arkansas Ry. Co., authority to issue equipment notes in connection with the acquisition of coal and ballast cars, granted. Notes of Louisiana & Arkansas Ry., 382.
- Louisville & Nashville R. R. Co., authority to pledge from time to time as security for short-term notes which may be issued without authorization certain bonds and stocks nominally issued and now held in its treasury, granted. Notes of Louisville & Nashville R. R., 263.
- Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to issue equipment notes in connection with the procurement of box, stock, refrigerator, and dining cars, granted. Notes of Minneapolis, St. Paul & Sault Ste. Marie Ry., 803.
- Missouri, Kansas & Texas Ry. Co., of Texas, authority to issue receiver's equipment notes and to pledge them with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Missouri, Kansas & Texas Ry., 703.
- New Orleans, Texas & Mexico Ry. Co., upon supplemental report authority granted to issue notes for conditional purchase of equipment; to assume obligation or liability in respect of a promissory note to be given by the National Ry. Service Corp. to the United States for a loan on account of said equipment, and in respect of deferred-lien certificates to be issued under the contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan; and to issue gold bonds and pledge part thereof as additional security for the note and loan, and the remainder as security for the performance of obligations under the contract and trust agreement. Notes of New Orleans, Texas & Mexico Ry., 797.
- Norfolk & Portsmouth Belt Line R. R. Co., authority to issue promissory notes to cover periodical payments to be made in connection with the procurement of two locomotives, granted. Notes of Norfolk & Portsmouth Belt Line R. R., 367.
- Norfolk Southern R. R. Co., authority to issue first-lien equipment notes, and first and refunding mortgage gold bonds, and pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Norfolk Southern R. R., 78.
- Norwood & St. Lawrence R. R. Co., authority to issue promissory notes in connection with the procurement of a locomotive, granted. Securities of Norwood & St. Lawrence R. R., 699.
- Pearl River Valley R. R. Co., authority to issue promissory notes to be used to take up outstanding notes to cover open accounts and to provide funds for construction work in progress, granted. Notes of Pearl River Valley R. R., 1.
- Peoria & Pekin Union Ry. Co., authority of the Lake Erie & Western R. R. Co. and other carriers to assume obligations and liabilities as guarantors by indorsement in respect of the principle and interest of certain notes to be issued by the Peoria & Pekin Union Ry. Co., and payable to the Secretary of the Treasury, the amount of the note to be indorsed to be in the same ratio to a certain loan to said railway company from the

NOTES—Continued.

- United States, as the amount of capital stock of the Peoria & Pekin Union Ry. Co. held by that applicant is to the amount of such capital stock now outstanding, granted. Guarantor Obligations of Lake Erie & Western R. R., 137.
- Pittsburg & Shawmut R. R. Co., authority to assume obligation or liability, as indorser, in respect of certain promissory notes and to pledge said notes, together with first-mortgage bonds, heretofore issued, as security for a collateral note, granted. Notes of Pittsburg & Shawmut R. R., 290.
- Pittsburgh & Lake Erie R. R. Co., authority to issue short-term promissory notes in renewal of other notes for like amounts, granted. Notes of Pittsburgh & Lake Erie R. R., 94.
- Raritan River R. R. Co., authority to issue short-term promissory notes for the purpose of obtaining funds with which to pay current expenses, taxes, and amounts due connecting carriers, granted. Notes of Raritan River R. R., 260.
- Richmond Terminal Ry. Co., authority to issue promissory notes payable to the order of the R., F. & P. R. R. Co. and A. C. L. R. R. Co., for the purpose of obtaining funds to pay the balance of an indebtedness due the R., F. & P. and U. S. Railroad Administration for additions and betterments made to the applicant's property during the period of federal control, granted. Notes of Richmond Terminal Ry. Co., 280.
- St. Louis Southwestern Ry. Co. and St. Louis Southwestern Ry. Co. of Texas, authority to issue joint promissory notes in connection with the procurement of 10 locomotives, granted. Notes of St. Louis Southwestern Ry., 510.
- Tampa Northern R. R. Co., authority to issue a promissory note in part renewal of a matured promissory note; and to issue from time to time, a note or notes in renewal thereof, granted. Note of Tampa Northern R. R., 741.
- Toledo Terminal R. R. Co., authority to issue promissory notes under a certain proposed agreement of conditional sale for the purpose of evidencing deferred installments of the purchase price of two freight locomotives, granted. Notes of Toledo Terminal Ry., 277.
- Virginia Blue Ridge Ry., authority to issue promissory notes, and to use said notes to extend loans evidenced by past due promissory notes for a like aggregate amount; and to pledge as collateral security for certain of said notes its first-mortgage bonds, granted. Notes of Virginia Blue Ridge Ry., 267.
- Washington & Lincolnton R. R. Co., authority to issue promissory notes in connection with the procurement of a locomotive, granted. Securities of Washington & Lincolnton R. R., 774.
- Western Allegheny R. R. Co., authority to issue, from time to time, promissory notes payable on demand, said notes, or the proceeds thereof, to be used to meet obligations incurred and to be incurred by the applicant for operating expenses, granted. Notes of Western Allegheny R. R., 563.
- Western Maryland Ry. Co., authority to issue equipment gold notes, and to pledge part thereof with the Secretary of the Treasury as part security for a loan from the United States, granted. Notes of Western Maryland Ry., 209.
- Wilmington, Brunswick & Southern R. R. Co., authority to issue short-term promissory notes in renewal of other maturing notes representing cash loans, the proceeds of which were used in the purchase of material,

NOTES—Continued.

equipment, and land, and in the construction of station buildings and docks, granted. Notes of Wilmington, Brunswick & Southern R. R., 230.

Wisconsin & Northern R. R. Co., authority to issue certain short-term notes and to renew the same for certain specified periods, which notes represent in part additions and improvements to the property, and in part funds borrowed to meet interest charges or expenses of operation, granted. Notes of Wisconsin & Northern R. R., 14.

OBLIGATIONS OR LIABILITIES.

Baltimore & Ohio R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates heretofore issued under the Seaboard Air Line Ry. Co. equipment trust, in connection with the procurement of locomotives and tenders, granted. Equipment-Trust Obligation of Baltimore & Ohio R. R., 666.

Erie R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates, to be issued under an agreement of assignment of lease by the U. S. Mortgage & Trust Co., trustee, by guaranteeing the prompt payment of the principal thereof and dividends thereon, granted. Equipment-Trust Obligation of Erie R. R., 315.

Illinois Central R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal thereof and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligations of Illinois Central R. R., 237.

Indiana Harbor Belt R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Guaranty Trust Co. of New York, trustee; and by entering into a lease or leases of the trust equipment, and thereby agreeing to pay rent sufficient to pay the principal thereof and dividends thereon, granted. Equipment-Trust Obligations of Indiana Harbor Belt R. R., 241.

Lake Erie, Franklin & Clarion R. R. Co., authority to assume obligation and liability in respect of preferred certificates to be pledged with the Secretary of the Treasury as security for a loan from the United States, to aid it in the procurement of a locomotive, and a deferred certificate to be pledged as security for a note by entering into an equipment-trust agreement under which the certificates will be issued by the Lamberton National Bank as trustee, and thereby agreeing to guarantee payment of the principal and dividends by indorsing upon each certificate a guaranty of such payment; and by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Note of Lake Erie, Franklin & Clarion R. R., 639.

Louisville & Nashville R. R. Co., authority to assume obligation or liability in respect to equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the United States Trust Co. of New York, trustee, and thereby agreeing to pay rent sufficient to pay the principal and dividends; and to sell or dispose of said equipment-trust certificates at such price that the total cost to the applicant involved in such sale or disposition, including dividends,

OBLIGATIONS OR LIABILITIES—Continued.

shall not exceed 7 per cent per annum of the principal thereof, granted. Equipment-Trust Obligation of L. & N. R. R., 151.

Missouri Pacific R. R. Co., authority to assume obligation or liability in respect of certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligation of Missouri Pacific R. R., 123.

Pennsylvania R. R. Co., authority to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of refunding-mortgage bonds authorized to be issued by the Long Island R. R. Co. in exchange for a like amount of unified-mortgage gold bonds, granted. Bonds of Long Island R. R., 693.

OPERATING EXPENSES. *See* CURRENT EXPENSES.

PLEDGES. *See* SECURITY.

POWER OF COMMISSION. *See* JURISDICTION.

PREFERRED STOCK. *See* STOCKS.

PROFITS.

Where the public has found it expedient to adopt a *laissez-faire* policy to encourage utility development, it can not be said, in the absence of regulation, that profits have been illegally collected. The title to surplus earnings has vested without limitation or condition in the corporation, and benefits the shareholder. Stock of D., L. & W. R. R., 428 (432).

PROMISSORY NOTES. *See* NOTES.

PUBLIC CONVENIENCE AND NECESSITY. *See* CONVENIENCE AND NECESSITY.

REARGUMENT. *See also* REHEARING; SUPPLEMENTAL REPORT.

Marshall & East Texas Ry. Co., upon reargument, former report in 67 I. C. C., 365, wherein certificate of convenience and necessity to permit the abandonment of its line in Wood, Upshur, and Harrison counties, Tex., found not within the Commission's jurisdiction, applicant having ceased operation under order of a Federal court prior to the effective date of paragraph (18) of section 1 of the act, affirmed. Public Convenience Application M. & E. T. Ry., 744.

RECEIVER'S CERTIFICATES.

In General: While it is within the Commission's province to authorize the issuance of receiver's certificates, it is not to be understood that by giving such authority the Commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificates of Wichita Falls & Northwestern Ry., 889 (390); Certificates of St. Louis, El Reno & Western R. R., 559 (560).

Georgia & Florida Ry., authority to issue receivers' certificates; to pledge part with the Secretary of the Treasury as security for a loan from the United States, to sell part, and distribute the remainder as payments on account pro rata of uncertificated indebtedness of the receivers, heretofore incurred, granted. Certificates of Georgia & Florida Ry., 811.

St. Louis, El Reno & Western Ry., Co., authority to issue and sell receiver's certificates, the proceeds to be used to retire receiver's certificates now past due, and to pay uncertificated indebtedness incurred by the receiver, granted. Certificates of St. Louis, El Reno & Western R. R., 559.

RECEIVER'S CERTIFICATES—Continued.

Toledo, St. Louis & Western R. R. Co., authority to issue receiver's certificates, and to pledge them with the Secretary of the Treasury as security for a loan from the United States, granted. Certificates of Toledo, St. Louis & Western R. R., 556.

Wichita Falls & Northwestern Ry. Co., authority to issue receiver's certificates in such amount as not to exceed the indebtedness from applicant to the United States arising out of federal control, to be ascertained and funded under section 207 of the transportation act, 1920; and to pledge said certificates with the Director General of Railroads as collateral security for any note or notes and/or other evidence of indebtedness, which said funding shall be accomplished, granted. Certificates of Wichita Falls & Northwestern Ry., 389.

RECEIVERSHIP.

In view of the manifest desirability of ending a long period of receivership, the Commission thinks that approval of security issues ought not to be withheld because of lack of complete information as to the value of property to be taken over by applicant. Bonds of Chicago & Eastern Illinois Ry., 61 (64).

Holders of small blocks of bonds have protested against a reorganization plan of exchanging bonds for stock. This is a matter properly to be brought before the court having jurisdiction in the premises, which has expressly reserved the determination of the equities in the receivership proceeding. *Id.* (64).

RECONSTRUCTION.

Missouri-Illinois R. R. Co., authority to issue capital stock in payment for certain property; and to issue and sell first-mortgage bonds, the proceeds of said bonds to be used solely for the rehabilitation of said property, granted. Securities of Missouri-Illinois R. R., 651.

Washington & Lincolnton R. R. Co., authority to issue and sell cumulative preferred capital stock, the proceeds thereof to be used for the construction, equipment, and rehabilitation of applicant's railroad, granted. Securities of Washington & Lincolnton R. R., 774.

REFUNDING BONDS. See BONDS.**REHABILITATION. See RECONSTRUCTION.****REHEARING. See also REARGUMENT; SUPPLEMENTAL REPORT.**

Uvalde & Northern Ry. Co., on rehearing, former report 67 I. C. C., 204, construction and operation of a line of railroad in Uvalde and Real counties, Tex., held not to be within the Commission's jurisdiction. Construction was begun in good faith prior to the effective date of section 1, paragraph (18) and no certificate of convenience and necessity is required. Public Convenience Application of U. & N. Ry., 554.

REIMBURSEMENT OF DEFICITS DURING FEDERAL CONTROL.

The following railroads which sustained deficits in railway operating incomes while under private operation in the federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which there are deductible certain amounts as due to the President on account of traffic balances and other indebtedness, and final settlements made:

Cairo, Truman & Southern R. R. Co., 627.

Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, Receiver), 681.

Ettrick & Northern R. R. Co., 377.

Fort Smith, Subiaco & Rock Island R. R. Co., 661.

REIMBURSEMENT OF DEFICITS DURING FEDERAL CONTROL—Contd.

New Mexico Central Ry. Co., 105.

Tennessee, Alabama & Georgia R. R. Co. (Charles Hicks, Receiver), 481.

Western Allegheny R. R. Co., 271.

The following roads, which sustained deficits in railway operating incomes while under private operation in the federal-control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which no amounts are deductible as due to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness, and final settlements made:

Deering Southwestern Ry., 634.

Electric Short Line Ry. Co. (Arizona), 723.

Gulf, Florida & Alabama Ry. Co., 537.

Liberty-White R. R. Co., 530.

Nezperce & Idaho R. R. Co., 629.

Shearwood Ry. Co., 379.

South Manchester R. R. Co., 684.

RELOCATION OF LINE.

In General: A project involving purely a relocation of an existing line under which applicant's whole line will still be in service as before, and will render exactly the same service in a new location, found not to constitute an abandonment of a line or the construction of a new line or extension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P., N. & N. Y. R. R., 252.

Pearl River Valley R. R. Co., proposed relocation of a portion of the main line in Pearl River county, Miss., in order to avoid objectionable grades and curves on the original location, and which will result in substantial operating economies, found not to constitute an abandonment of a line within the meaning of paragraph (18), section 1 of the act, and no certificate of convenience and necessity is necessary. Public Convenience Application of P. R. V. R. R., 748.

Philadelphia, Newtown & New York R. R. Co., proposed relocation of existing main line in Philadelphia, Pa., involving no change in the service rendered to the public, found not to constitute an abandonment of a line or the construction of a new line or extension of a line within the meaning of paragraph (18) of section 1 of the act. Public Convenience and Necessity to P., N. & N. Y. R. R., 252.

RENEWAL OF NOTES. *See* NOTES.

REPAIRS. *See* ADDITIONS AND BETTERMENTS.

RESERVE FUND. *See* SURPLUS.

RESTORATION OF ABANDONED LINE. *See* ABANDONMENT.

RESUMPTION OF OPERATION.

Michigan United Rys. Co., an electric interurban railroad, not operated as a part of a general steam railroad system of transportation, held not within the provisions of paragraph (18), section 1, of the act, and the Commission is without jurisdiction to issue a certificate of convenience and necessity permitting it to resume operation in interstate commerce of its property, heretofore operated under a lease, the lessee having defaulted and surrendered the property to the applicant. Public Convenience of Michigan United Rys., 452.

RETIREMENT OF BONDS. *See BONDS.*

RETURN ON INVESTMENT.

In General:

Authority to issue stock can not be claimed as a right. It is within the Commission's discretion, subject to the limitation that it shall grant authority only if it is able to make the necessary finding as provided in section 20a of the act. If a carrier is lawfully entitled to earn a return upon the fair value of property acquired out of surplus, this right will persist whether or not a stock issue is permitted. *Stock of D., L. & W. R. R.*, 426 (431).

The doctrine of implied trust, sometimes applied to donated property by courts and commissions, has no application to excessive return, for the payment of rates carries with it no requirements that the funds be left in the business or used for the public benefit. Its strained application to carriers who have made additions and betterments from surplus would only penalize those who came nearest to benefiting the public. The surplus from income in such cases is unrestricted legal property of the company, and ceases to be funds of the public before the decision to divert it to either dividends or additions and betterments is made. *Id.* (432).

REVENUE. *See EARNINGS.*

ROADWAY. *See WAY AND STRUCTURES.*

SECTION 20a.

The exemption of short-term notes issues from the regulatory power of the Commission under paragraph (9) of, was a recognition of the necessity of leaving to the carrier, to enable it to quickly and easily meet current financial exigencies, a certain leeway, a freedom of action within prescribed limits, in the negotiation of short-term loans. The exemption, however, is confined to the issue of short-term notes, and does not extend to securities which the carrier may desire to pledge as security for such notes. *Bonds of Baltimore & Ohio R. R.*, 10 (11).

It is obvious that freedom of action in the negotiation of short-time loans would be substantially curtailed if, before each issue of notes, it were necessary to obtain an order authorizing the pledge of bonds to be offered as security therefor. The necessity for such loans can not always be foreseen and the opportunity to make them upon favorable terms might be lost during the delay incident to securing such authorization. Advance authorization of the pledge of bonds as security for short-term notes is therefore in harmony with paragraph (9) of section 20a of the act. *Id.* (11).

Paragraph (7) of section 20a of the act confers jurisdiction upon the Commission to authorize the issue of securities by carriers, and carriers may issue securities and assume obligations or liabilities in accordance with the provisions of that section without securing other approval. *Equipment-Trust Certificates of C. & N. W. Ry.*, 198 (201).

Paragraph (2) of section 20a of the act provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that the Commission authorizes such issue. Any security for the issue of which the Commission's authority is required is void if issued without said authority having been first obtained. *Id.* (201).

SECURITIES.

In General:

The exemption of short-term notes issues from the regulatory power of the Commission under section 20a, paragraph (9) of the act, was a recognition of the necessity of leaving to the carrier, to enable it to quickly and easily meet current financial exigencies, a certain leeway, a freedom of action within prescribed limits, in the negotiation of short-term loans. The exemption, however, is confined to the issue of short-term notes and does not extend to securities which the carrier may desire to pledge as security for such notes. Bonds of Baltimore & Ohio R. R., 10 (11).

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In view of the manifest desirability of ending a long period of receivership, the Commission thinks that approval of security issues ought not to be withheld because of lack of complete information as to the value of property to be taken over by applicant. Bonds of Chicago & Eastern Illinois Ry., 61 (64).

The Commission has jurisdiction over the issuance of short-term promissory notes in renewal of other notes for like amounts. Notes of Pittsburgh & Lake Erie R. R., 94 (95).

Paragraph (7) of section 20a of the act confers jurisdiction upon the Commission to authorize the issue of securities by carriers, and carriers may issue securities and assume obligations or liabilities in accordance with the provisions of that section without securing other approval. Equipment-Trust Certificates of C. & N. W. Ry., 198 (201).

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The Commission is required to make investigation of securities before authorizing their issue, and can not with propriety issue general authority to pledge as collateral security bonds, stocks, or other securities of any and every character and description which are or may hereafter be held in the treasury of an applicant. Application of W. & L. E. Ry. to Pledge Securities, 293.

While it is within the Commission's province to authorize the issuance of receiver's certificates, it is not to be understood that by giving such authority the Commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificates of Wichita Falls & Northwestern Ry., 389 (390); Certificates of St. Louis, El Reno & Western R. R., 559 (560).

SECURITIES—Continued.

In General—Continued.

Authority to issue stock can not be claimed as a right. It is within the Commission's discretion, subject to the limitation that it shall grant authority only if it is able to make the necessary finding as provided in section 20a of the act. If a carrier is lawfully entitled to earn a return upon the fair value of property acquired out of surplus, this right will persist whether or not a stock issue is permitted. Stock of D., L. & W. R. R., 426 (431).

To render a proposed issuance of stock for distribution as a dividend "compatible with the public interest," within the meaning of the statute, a substantial surplus should remain uncapitalized as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in nonrevenue producing property, and serving as a general financial balance wheel. Id. (433).

Stocks of advertising, mining, timber, and land companies, United States government bonds and certificates of indebtedness, municipal bonds, and steel-company bonds, are flexible assets which the Commission deems improper to permit applicant to capitalize. If it should be thought desirable to distribute the portion of surplus invested in such securities among stockholders, applicant would be able to apportion the securities themselves or distribute the proceeds thereof. They are neither property used or useful in rendering the public service nor an assured part of any surplus. Id. (433-434).

Bonds issued and delivered without authorization of the Commission having first been obtained, as provided in section 20a of the act, are, by the plain terms of the statute, void, and no means are provided for validating them. They are not obligations of the applicant, and may not be carried on its books as such. Bonds of Chicago & Western Indiana R. R., 609.

Alabama & Vicksburg Ry. Co., authority to issue promissory notes in payment of maturing first-mortgage bonds; to issue first-mortgage bonds under a proposed mortgage; to pledge said bonds as collateral security for said promissory notes and with the Secretary of the Treasury as security for loans from the United States, granted. Notes of Alabama & Vicksburg Ry., 233.

Alaska Anthracite R. R. Co., authority to issue and sell first-mortgage gold bonds, the proceeds thereof to be used to pay for construction and equipment and to discharge bonds and other indebtedness, granted. Applicant proposes to resume construction work of the line which was suspended because of war conditions, and to complete and equip its railroad during the current open season. Bonds of Alaska Anthracite R. R., 663.

Ann Arbor R. R. Co.:

Authority to pledge improvement and extension mortgage bonds with the War Finance Corporation, as substitute security for a demand note, granted. Pledge of Bonds by Ann Arbor R. R., 330.

Upon supplemental report, former report 67 I. C. C., 330, authority granted to pledge with the Director General of Railroads improvement and extension mortgage bonds as collateral in substitution for secured notes now constituting part of the collateral security for certain demand notes. Bonds of Ann Arbor R. R., 503.

SECURITIES—Continued.

Atlantic Port Ry. Corp., authority to issue capital stock, the proceeds thereof to be used solely as working capital, granted. Stock of Atlantic Port Ry., 734.

Baltimore & Ohio R. R. Co.:

Authority to pledge from time to time, refunding and general mortgage bonds as security for short-term notes which may be issued without authorization, to meet temporary requirements, granted. Bonds of Baltimore & Ohio R. R., 10.

Authority granted to issue refunding and general mortgage bonds under a certain mortgage, and to pledge and repledge, from time to time, until otherwise ordered, all or any part thereof, as collateral security for note or notes that may be issued without the Commission's authorization having first been obtained; and authority granted to subsidiaries of said railroad to issue various bonds and deliver them upon its order to trustees under certain mortgages. Bonds of Baltimore & Ohio R. R., 341.

Authority to assume obligation or liability in respect of equipment-trust certificates heretofore issued under the Seaboard Air Line Ry. Co. equipment trust, in connection with the procurement of locomotives and tenders, granted. Equipment-Trust Obligation of Baltimore & Ohio R. R., 666.

Authority to assume obligation or liability in respect of equipment-trust gold notes in connection with the procurement of steel hopper cars, granted. Equipment-Trust Obligation of Baltimore & Ohio R. R., 707.

Bangor & Aroostook R. R. Co., authority to issue conditional sale purchase notes, in conditional purchase of equipment under the terms of a contract entered into pursuant to the National Ry. Service Corporation's equipment trust; to assume obligation or liability as guarantor and indorser in respect of an obligation of the National Ry. Service Corp. to the United States for a loan on account of said equipment; and to pledge consolidated refunding mortgage gold bonds with the Secretary of the Treasury, as security in part for said loan, granted. Notes of Bangor & Aroostook R. R., 533.

Bergen County R. R. Co., authority to enter into extension supplements with holders of first-mortgage bonds, extending the maturity date thereof and increasing the rate of interest, granted. Bonds of Bergen County R. R., 352.

Boyne City, Gaylord & Alpena R. R. Co., authority to issue from time to time short-term promissory notes to enable it to pay its maturing short-term loans, interest on its funded debt, obligations for equipment bought, taxes, and payments to interchange roads when called, granted. Notes of Boyne City, Gaylord & Alpena R. R., 102.

Buffalo, Rochester & Pittsburgh Ry. Co., authority to issue consolidated-mortgage bonds, and to pledge or repledge, from time to time, until otherwise ordered, all or part of the same as collateral security for any notes which may be issued within the limitations prescribed by paragraph (9) of section 1 of the act without the Commission's authorization having first been obtained, granted. Bonds of Buffalo, Rochester & Pittsburgh Ry., 636.

Central of Georgia Ry. Co., authority to procure authentication and delivery of its refunding and general mortgage bonds, under and pursuant 91899°—22—vol 67—55

SECURITIES—Continued.

- to a certain mortgage, and to pledge or repledge from time to time part or all of said bonds when and as necessary as security in whole or in part for advances or loans from the United States, or for notes, the issue of which is required to be reported to the Commission in certificates of notification under paragraph (9) of section 20a of the act, granted. Bonds of Central of Georgia Ry., 248.
- Central R. R. Co. of N. J., authority to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of first-mortgage bonds of the American Dock & Improvement Co., the maturity date of which will be extended and the rate of interest increased, pursuant to a proposed extension contract with the holders of said bonds, granted. Bond Guarantee by Central R. R. Co. of N. J., 721.
- Central R. R. Co. of South Carolina, authority to issue and sell refunding bonds to retire a like amount of maturing first-mortgage gold bonds, granted. Bonds of Central R. R. of South Carolina, 756.
- Central Vermont Ry. Co., authority to issue refunding mortgage gold bonds; and to pledge and repledge, from time to time until otherwise ordered, all or part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, granted. Bonds of Central Vermont Ry., 681.
- Chesapeake & Ohio Ry. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of general-mortgage gold bonds (now held in applicant's treasury) as collateral security for a note or notes which may be issued under paragraph (9) of section 20a of the act, without the Commission's authorization having first been obtained, granted. Pledge of Bonds by Chesapeake & Ohio Ry., 443.
- Chicago & Alton R. R. Co., authority to issue cumulative prior-lien and participating stock in exchange for preferred and common stock of the old Chicago & Alton R. R. Co.; noncumulative preferred stock in exchange for preferred stock, and common stock in exchange for common stock of the Chicago & Alton Ry. Co., granted. Stocks of Chicago & Alton R. R., 386.
- Chicago & Eastern Illinois R. R. Co., authority to issue prior-lien or first-mortgage bonds, general or second-mortgage bonds, preferred stock and common stock; to assume obligation or liability in respect to certain underlying bonds and equipment obligations, and, if certain loans shall be authorized to issue and pledge as security therefor additional prior-lien or first-mortgage bonds, granted. Bonds of Chicago & Eastern Illinois Ry., 61.
- Chicago & North Western Ry. Co.:
- Authority to assume obligation or liability to pay as rental for, and on account of the purchase price of, certain equipment, sums sufficient to pay the principal and interest, and certain other charges, by entering into a proposed trust agreement, under which specified equipment will be held in trust for the benefit of holders of the certificates to be issued thereunder, and proposed agreements of lease covering such equipment; and to sell such equipment-trust certificates as may be delivered to the applicant for moneys advanced to the vendors of the equipment, granted. Equipment-Trust Certificates of C. & N. W. Ry., 198.

SECURITIES—Continued.

Chicago & North Western Ry. Co.—Continued.

Authority to issue and sell, in accordance with a proposed trust indenture, secured gold bonds; to issue general-mortgage gold bonds and pledge same, together with other general-mortgage gold bonds heretofore issued and now held in the applicant's treasury, as security for said secured gold bonds, granted. Bonds of Chicago & North Western Ry., 245.

Authority to issue general-mortgage and first and refunding mortgage gold bonds for the purpose of reimbursing its treasury for expenditures for additions and betterments, and in the retirement of underlying bonds, granted. Bonds of Chicago & North Western Ry., 254.

Chicago & Western Indiana R. R. Co.:

Authority granted to Chicago & Eastern Illinois R. R. Co., and others, to assume obligation or liability in respect of Chicago & Western Indiana R. R. Co.'s collateral-trust bonds, by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof. Collateral Trust Obligation of C. & E. I. R. R., 505.

Authority to issue consolidated gold bonds and to deliver them or cause them to be delivered to the applicant's tenants, in accordance with certain leases and the mortgage under which issued, granted. Bonds of Chicago & Western Indiana R. R., 609.

Application requesting authority and approval of the action of applicant's officers in issuing and delivering bonds to its tenants without the Commission's authorization therefor having first been obtained, dismissed. By the plain terms of section 20a of the act, they are void and no means are provided for validating them. They are not obligations of the applicant, and may not be carried on its books as such. *Id.* (609).

Chicago, Burlington & Quincy R. R. Co.:

Authority to issue additional capital stock as a dividend, granted. Carrier has a great uncaptalized surplus; present capitalization is far below actual investment; increase would still leave the total below actual investment; remaining uncaptalized surplus would be sufficient to serve purposes for which a surplus should be accumulated; and the present financial structure is obsolete and inadequate and a new form of mortgage and larger stock base to meet the requirements of statutes governing investments by savings institutions in various states are necessary. Stock of Chicago, Burlington & Quincy R. R. 156.

Authority to issue first and refunding mortgage bonds as a dividend against its surplus, denied. Applicant has no need for the bonds and can advantageously issue all the stock reasonably required for its needs, and the form of mortgage desired can be provided without the issuance of a bond dividend. *Id.* (156).

Chicago, Indianapolis & Louisville Ry. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or any part of first and general mortgage gold bonds, as collateral security for any note or notes which may be issued within the limitations prescribed by

SECURITIES—Continued.

paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by C., I. & L. Ry., 750.

Chicago, Rock Island & Pacific Ry. Co.:

Authority to issue general-mortgage gold bonds and to deliver said bonds to the trustee under applicant's first and refunding mortgage; and to issue first and refunding mortgage gold bonds and to pledge and repledge, from time to time, until otherwise ordered, all or part of said bonds as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of Chicago, Rock Island & Pacific Ry., 647.

Authority to issue lease warrants in the form of promissory notes to cover deferred payments of rental for steel coaches and chair cars, which were leased to the applicant by an agreement between it and the Pullman Co., granted. Lease Warrants of Chicago, Rock Island & Pacific Ry., 716.

Chicago, St. Louis & New Orleans R. R. Co. and Illinois Central R. R. Co., authority to issue joint first refunding mortgage bonds to reimburse the treasury of the Illinois Central for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans R. R. Co., and the Canton, Aberdeen & Nashville R. R. Co., and to pledge said bonds as security for short-term loans of the Illinois Central R. R. Co., granted. Bonds of Illinois Central R. R., 113.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue to the order of the C. & N. W. Ry. Co. a promissory note in renewal of a matured note, and to repledge as security therefor debenture gold bonds now pledged with said C. & N. W. Ry. Co., as security for the existing note, granted. Notes of Chicago, St. Paul, Minneapolis & Omaha Ry., 99.

Chicago, Terre Haute & Southeastern Ry. Co.:

Authority to issue promissory notes and maturities for the purpose of refunding the amount remaining unpaid of applicant's demand notes now outstanding; and to pledge as collateral security for said notes all or part of its first and refunding mortgage gold bonds, granted. Notes of Chicago, Terre Haute & Southeastern Ry., 710.

Authority to pledge all or part of first and refunding mortgage gold bonds (now held in its treasury) as collateral security for a demand note, granted. Pledge of Bonds by C., T. H. & S. E. Ry., 738.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.:

Authority to issue a short-term promissory note; to pledge as security therefor applicant's European loan of bonds; and to make said bonds payable at its office in New York City in dollars at the rate of \$1 for 5.1813 francs, granted. Security of C., C. & St. L. Ry., 355.

Authority to issue promissory notes in renewal of other maturing promissory notes, granted. Notes of C., C. & St. L. Ry., 424.

Authority to issue refunding and improvement mortgage bonds, and use them in the acquisition of the entire capital stock of the Evansville, Indianapolis & Terre Haute Ry. Co., granted. Bonds of C., C. & St. L. Ry., 675.

Death Valley R. R. Co., authority to issue and sell common capital stock, the proceeds thereof to be used to retire matured first-mortgage bonds, granted. Such issue of stock and retirement of bonds as proposed will

SECURITIES—Continued.

- not increase applicant's capitalization and will reduce its fixed interest charges. Stock of Death Valley R. R., 670.
- Delaware & Hudson Co., authority to issue common capital stock, to place applicant in a position to meet its conversion agreement, in case it should be called upon to comply with its terms for the conversion of certain convertible gold bonds, granted. Stock of Delaware & Hudson Co., 20.
- Detroit & Ironton R. R. Co., authority to issue and sell capital stock, the proceeds thereof to be used in constructing a line of railroad pursuant to certificate of public convenience and necessity issued in 67 I. C. C. 600, granted. Stock of Detroit & Ironton R. R., 781.
- Detroit, Toledo & Ironton R. R. Co., authority to issue and sell first-mortgage bonds for the purpose of reimbursing its treasury for certain expenditures made for additions and betterments, granted. Bonds of Detroit, Toledo & Ironton R. R., 688.
- Elberton & Eastern R. R. Co., authority to issue first-mortgage bonds (now held in applicant's treasury), the proceeds to be used to reimburse its treasury for certain additions and betterments, granted. Bonds of Elberton & Eastern R. R., 769.
- Electric Short Line Ry. Co., authority to sell first-mortgage gold bonds, the proceeds to be used in the construction of an extension of applicant's line, granted. Bonds of Electric Short Line Ry., 644.
- Erie R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates, to be issued under an agreement of assignment of lease by the U. S. Mortgage & Trust Co., trustee, by guaranteeing the prompt payment of the principal thereof and dividends thereon, granted. Equipment-Trust Obligation of Erie R. R., 315.
- Evansville, Indianapolis & Terre Haute Ry., authority to issue first-mortgage bonds, and to pledge them with the Secretary of the Treasury as collateral security for a loan from the United States, granted. Bonds of Evansville, Indianapolis & Terre Haute Ry., 678.
- Fernwood, Columbia & Gulf R. R. Co., authority to issue and sell refunding-mortgage bonds, the proceeds to be used in paying its indebtedness and in capitalizing its expenditures on new construction, granted. Bonds of Fernwood, Columbia & Gulf R. R., 418.
- Fredericksburg & Northern Ry. Co.:
- Authority to issue a short-term promissory note to cover certain advances made to it to purchase ties and timbers and for current expenses, granted. Note of Fredericksburg & Northern Ry., 393.
 - Authority to issue promissory notes in connection with the procurement of one locomotive, granted. Note of Fredericksburg & Northern Ry., 397.
- Georgia & Florida Ry., authority to issue receiver's certificates; to pledge part with the Secretary of the Treasury as security for a loan from the United States; to sell part; and distribute the remainder as payments on account pro rata of uncertificated indebtedness of the receivers, heretofore incurred, granted. Certificates of Georgia & Florida Ry., 311.
- Great Northern Ry. Co., authority granted to issue joint convertible gold bonds; to issue and pledge general-mortgage gold bonds, and to use them, as released from pledge, in conversion of the joint bonds; to issue, at par and accrued interest and from time to time upon payment or conversion of the joint bonds, additional mortgage bonds; and to pledge under its general gold bond mortgage first and refunding mortgage gold

SECURITIES—Continued.

bonds, subject to the existing pledge thereof with the Secretary of the Treasury. Securities of N. P. Ry. and G. N. Ry., 458.

Greene County R. R. Co., authority to issue first-mortgage gold bonds for pledge with the Secretary of the Treasury as collateral security in part for a loan from the United States; and to issue first-mortgage gold bonds for delivery in payment of certain indebtedness, granted. Bonds of Greene County R. R., 806.

Hartwell Ry. Co., authority to issue capital stock and deliver the same to the Southern Ry. Co. in exchange for the cancellation and surrender of bonds issued under a first mortgage covering certain land, granted. Stock of Hartwell Ry., 456.

Hocking Valley Ry. Co., authority to issue general-mortgage gold bonds, in accordance with the terms of a certain mortgage, and to pledge said bonds, together with general-mortgage gold bonds now held free and unencumbered in applicant's treasury, with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Hocking Valley Ry., 70.

Illinois Central R. R. Co.:

Authority to issue joint first refunding mortgage bonds to reimburse the treasury of the Illinois Central for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans R. R. Co. and the Canton, Aberdeen & Nashville R. R. Co., and to pledge said bonds as security for short-term loans of the Illinois Central R. R. Co., granted. Bonds of Illinois Central R. R., 113.

Authority to pledge from time to time refunding-mortgage gold bonds as security for the payment of current short-term loans, granted. Bonds of Illinois Central R. R., 117.

Authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligations of Illinois Central R. R., 237.

Indiana Harbor Belt R. R. Co.:

Authority to issue a short-term promissory note in renewal of a maturing promissory note for a like amount, granted. Note of Indiana Harbor Belt R. R., 120.

Authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Guaranty Trust Co., of New York, trustee; and by entering into a lease or leases of the trust equipment, and thereby agreeing to pay rent sufficient to pay the principal thereof and dividends thereon, granted. Equipment-Trust Obligations of Indiana Harbor Belt R. R., 241.

Interstate R. R. Co., authority to issue and sell capital stock, the proceeds to be used solely to make certain additions and betterments to road and equipment and to reimburse its treasury for moneys heretofore expended for certain other additions and betterments, granted. Stock of Interstate R. R., 421.

SECURITIES—Continued.

Kansas City Southern Ry. Co., authority to issue promissory notes in respect to the purchase of certain land required for roundhouse and switchtrack purposes, granted. Notes of Kansas City Southern Ry., 486.

Kansas City Terminal Ry. Co., authority to issue and sell, or to exchange for maturing notes, secured gold notes; and to pledge as collateral security for the proposed notes first-mortgage gold bonds, granted. Notes of Kansas City Terminal Ry., 718.

Lake Erie & Western R. R. Co., and others: Authority to assume obligations and liabilities as guarantors by indorsement in respect of the principal and interest of certain notes to be issued by the Peoria & Pekin Union Ry. Co., and payable to the Secretary of the Treasury, the amount of the note to be indorsed to be in the same ratio to a certain loan to said railway company from the United States, as the amount of capital stock of the Peoria & Pekin Union Ry. Co. held by that applicant is to the amount of such capital stock now outstanding, granted. Guarantor Obligations of Lake Erie & Western R. R., 137.

Lake Erie, Franklin & Clarion R. R. Co.:

Authority to issue a promissory note, the proceeds thereof to be used in procuring a locomotive and in reduction of existing indebtedness, granted. Note of Lake Erie, Franklin & Clarion R. R., 639.

Authority to assume obligation and liability in respect of preferred certificates to be pledged with the Secretary of the Treasury as security for a loan from the United States, to aid it in the procurement of a locomotive, and a deferred certificate to be pledged as security for a note by entering into an equipment trust agreement under which the certificates will be issued by the Lamberton National Bank as Trustee, and thereby agreeing to guarantee payment of the principal and dividends by indorsing upon each certificate a guaranty of such payment; and by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. *Id.* (639).

Los Angeles & Salt Lake R. R. Co., authority to issue promissory notes, the proceeds to be used for the sole purpose of meeting anticipated requirements during the year 1921, other than operating expenses, granted. Notes of Los Angeles & Salt Lake R. R., 622.

Louisiana & Arkansas Ry. Co., authority to issue equipment notes in connection with the acquisition of coal and ballast cars, granted. Notes of Louisiana & Arkansas Ry., 382.

Long Island R. R. Co., authority granted to issue refunding-mortgage bonds and to exchange them for a like amount of its unified-mortgage gold bonds, and authority granted the Pennsylvania R. R. Co., to assume obligation or liability as guarantor by indorsement in respect of the payment of principal and interest of said refunding-mortgage bonds. Bonds of Long Island R. R., 693.

Louisiana Ry. & Navigation Co., proposed execution of a contract for the purchase of a locomotive from the War Department, found not to be within the Commission's jurisdiction. No notes covering deferred payments are proposed to be issued, and the only "security" to be authorized is the agreement. This is not regarded as a security within the meaning of paragraph (2) of section 20a of the act. Application of Louisiana Ry. & Nav. Co., 808.

SECURITIES—Continued.

Louisville & Nashville R. R. Co.:

Authority granted to issue first-mortgage bonds; and to exchange said bonds, so far as possible, for other maturing first-mortgage bonds, and to sell any remaining bonds to J. P. Morgan & Co.; and authority granted to the Southeast & St. Louis Ry. Co. to assume obligations in respect of said bonds by executing a first mortgage upon its property and franchises. Bonds of Louisville & Nashville R. R., 148.

Authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the United States Trust Co. of New York, trustee, and thereby agreeing to pay rent sufficient to pay the principal and dividends; and to sell or dispose of said equipment-trust certificates at such price that the total cost to the applicant involved in such sale or disposition, including dividends, shall not exceed 7 per cent per annum of the principal thereof, granted. Equipment Trust Obligation of L. & N. R. R., 151.

Authority to pledge from time to time, as security for short-term notes, which may be issued without authorization, certain bonds and stocks nominally issued and now held in its treasury, granted. Notes of Louisville & Nashville R. R., 263.

Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage gold bonds, and to pledge said bonds as partial security for a loan from the United States, granted. Bonds of Minneapolis & St. Louis R. R., 362.

Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to issue equipment notes in connection with the procurement of box, stock, refrigerator, and dining cars, granted. Notes of Minneapolis, St. Paul & Sault Ste. Marie Ry., 803.

Missouri-Illinois R. R. Co., authority to issue capital stock at par for cash and in payment for certain property; and to issue and sell at par first-mortgage bonds, the proceeds of said bonds to be used solely for the rehabilitation of said property, granted. Securities of Missouri-Illinois R. R., 651.

Missouri, Kansas & Texas Ry. Co. of Texas, authority to issue receiver's equipment notes, and to pledge them with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Missouri, Kansas & Texas Ry., 708.

Missouri Pacific R. R. Co., authority to assume obligation or liability in respect of certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. Equipment-Trust Obligation of Missouri Pacific R. R., 123.

Mobile & Ohio R. R. Co., authority to repledge its St. Louis division gold bonds, as security for loan or loans, to be represented by short-term note or notes, granted. Bonds of Mobile & Ohio R. R., 86.

Muskegon Ry. & Navigation Co., authority to issue and sell common capital stock and first-mortgage bonds, the proceeds to be used solely for construction purposes and acquisition of equipment, granted. Securities of Muskegon Ry. & Nav. Co., 527.

SECURITIES—Continued.

Nashville, Chattanooga & St. Louis Ry.:

Authority to sell first-consolidated mortgage gold coupon bonds, now in its treasury, for the purpose of reimbursing applicant's treasury for moneys expended to meet obligations incident to its current operations, granted. Bonds of Nashville, Chattanooga & St. Louis Ry., 68.

Authority to issue and sell first consolidated mortgage gold bonds, and/or to pledge and repledge, from time to time, until otherwise ordered, all or part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of Nashville, Chattanooga & St. Louis Ry., 615.

New Orleans, Texas & Mexico Ry. Co., upon supplemental report, authority granted to issue notes for conditional purchase of equipment; to assume obligation or liability in respect of a promissory note to be given by the National Ry. Service Corp. to the United States for a loan on account of said equipment, and in respect of deferred-lien certificates to be issued under the contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan; and to issue gold bonds, and pledge part thereof as additional security for the note and loan, and the remainder as security for the performance of obligations under the contract and trust agreement. Notes of New Orleans, Texas & Mexico Ry., 797.

New York, Chicago & St. Louis R. R. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of second and improvement mortgage bonds (now held in applicant's treasury) as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Pledge of Bonds by N. Y., C. & St. L. R. R., 545.

Norfolk & Portsmouth Belt Line R. R. Co., authority to issue promissory notes to cover periodical payments to be made in connection with the procurement of two locomotives, granted. Notes of Norfolk & Portsmouth Belt Line R. R., 367.

Norfolk & Western Ry. Co., authority to sell convertible gold bonds for the purpose of reimbursing its treasury for capital expenditures made for additions and betterments, granted. Bonds of Norfolk & Western Ry., 696.

Norfolk Southern R. R. Co., authority to issue first-lien equipment notes, and first and refunding mortgage gold bonds, and pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Norfolk Southern R. R., 78.

Northern Pacific Ry. Co., authority granted to issue joint convertible gold bonds; to issue and pledge, under a trust indenture securing the joint bonds, refunding and improvement mortgage bonds, and to use them as released from pledge, in conversion of the joint bonds; to issue, at par and accrued interest and from time to time upon payment or conversion of the joint bonds, additional mortgage bonds. Joint trust indenture and the Great Northern Ry. Co.'s general gold-bond mortgage, approved. Securities of N. P. Ry. and G. N. Ry., 458.

SECURITIES—Continued.

Norwood & St. Lawrence R. R. Co.:

Authority to issue promissory notes in connection with the procurement of a locomotive, granted. Securities of Norwood & St. Lawrence R. R., 699.

Authority to sell, or issue in exchange for certain outstanding promissory notes, first-mortgage gold bonds, for the purpose of paying or otherwise satisfying certain existing liabilities incurred for construction and equipment, granted. Id. (699).

Pearl River Valley R. R. Co., authority to issue promissory notes to be used to take up outstanding notes to cover open accounts and to provide funds for construction work in progress, granted. Notes of Pearl River Valley R. R., 1.

Pennsylvania R. R. Co., authority to issue secured gold bonds in accordance with a proposed trust indenture, and to issue general-mortgage bonds and pledge same as security in part for said secured gold bonds, granted. Bonds of Pennsylvania R. R., 212.

Peoria & Pekin Union Ry. Co., authority of the Lake Erie & Western R. R. Co. and other carriers to assume obligations and liabilities as guarantors by indorsement in respect of the principal and interest of certain notes to be issued by the Peoria & Pekin Union Ry. Co., and payable to the Secretary of the Treasury, the amount of the note to be indorsed to be in the same ratio to a certain loan to said railway company from the United States as the amount of capital stock of the Peoria & Pekin Union Ry. Co. held by that applicant is to the amount of such capital stock now outstanding, granted. Guarantor Obligations of Lake Erie & Western R. R., 137.

Pere Marquette Ry. Co., authority to pledge and repledge from time to time, until otherwise ordered, all or part of its first-mortgage gold bonds (now held in applicant's treasury) as collateral security for note or notes which may be issued within the limitations of paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by Pere Marquette Ry., 690.

Pittsburg & Shawmut R. R. Co., authority to assume obligation or liability, as indorser, in respect of certain promissory notes; and to pledge said notes, together with first-mortgage bonds, heretofore issued, as security for a collateral note, granted. Notes of Pittsburg & Shawmut R. R., 290.

Pittsburgh & Lake Erie R. R. Co., authority to issue short-term promissory notes in renewal of other notes for like amounts, granted. Notes of Pittsburgh & Lake Erie R. R., 94.

Raritan River R. R. Co.:

Authority to issue and sell common capital stock, representing the balance of its authorized capital stock, the proceeds to be used for interline payments, taxes, and current expenses, granted. Stock of Raritan River R. R., 8.

Authority to issue short-term promissory notes for the purpose of obtaining funds with which to pay current expenses, taxes, and amounts due connecting carriers, granted. Notes of Raritan River R. R., 260.

Rensselaer & Saratoga R. R. Co., authority to issue first-mortgage gold bonds under and pursuant to, and to be secured by, a first mortgage; and to deliver said bonds to the Dealware & Hudson Co. in accordance with the terms of a certain agreement of lease, granted. Bonds of Rensselaer & Saratoga R. R., 494.

SECURITIES—Continued.

- Richmond Terminal Ry. Co., authority to issue promissory notes payable to the order of the R., F. & P. and A. C. L. railroad companies for the purpose of obtaining funds to pay the balance of an indebtedness due the Richmond, Fredericksburg & Potomac R. R. Co. and the U. S. Railroad Administration for additions and betterments made to the applicant's property during the period of federal control, granted. Notes of Richmond Terminal Ry. Co., 280.
- St. Louis, El Reno & Western Ry. Co., authority to issue and sell receiver's certificates, the proceeds to be used to retire receiver's certificates now past due and to pay uncertificated indebtedness incurred by the receiver, granted. Certificates of St. Louis, El Reno & Western R. R., 559.
- St. Louis-San Francisco Ry. Co., authority to sell all or any part of prior-lien mortgage bonds now held in applicant's treasury and to pledge and repledge from time to time until otherwise ordered all or any part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of St. Louis-San Francisco Ry., 624.
- St. Louis Southwestern Ry. Co. and St. Louis Southwestern Ry. Co. of Texas, authority to issue joint promissory notes in connection with the procurement of 10 locomotives, granted. Notes of St. Louis Southwestern Ry., 510.
- Seaboard Air Line Ry. Co., authority to issue first and consolidated mortgage gold bonds under a certain mortgage, and to pledge with the Secretary of the Treasury as security for loans from the United States first and consolidated mortgage gold bonds and common and preferred capital stock, now held by the applicant in its treasury, granted. Bonds of Seaboard Air Line Ry., 216.
- Southern Ry. Co.:
- Authority to issue and sell first consolidated mortgage bonds for the purpose of retiring maturing mortgage bonds, granted. Bonds of Southern Ry., 96.
 - Authority to pledge and repledge from time to time until otherwise ordered all or part of development and general mortgage gold bonds (now held in the applicant's treasury) as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by Southern Ry., 673.
- Tampa Northern R. R. Co., authority to issue a promissory note in part renewal of a matured promissory note; and to issue from time to time a note or notes in renewal thereof, granted. Note of Tampa Northern R. R., 741.
- Terminal R. R. Association of St. Louis, authority to issue general-mortgage bonds to reimburse its treasury for expenditures therefrom for additions and betterments, granted. Bonds of Terminal R. R. Asso. of St. Louis, 771.
- Texas Midland R. R., authority granted to issue and sell first-mortgage refunding bonds, the proceeds to be used for the construction of a new line of railroad for which a certificate of public convenience and necessity was issued in 67 I. C. C., 445. Bonds of Texas Midland R. R., 492.

SECURITIES—Continued.

Texas Short Line Ry. Co., authority to issue first-mortgage bonds and to use them for the purpose of refunding a like principal amount of maturing first-mortgage bonds, which are secured by applicant's mortgage or deed of trust, denied. The continuance of such heavy fixed charges as here involved is not compatible with the interests of either the applicant or of the public, and the record discloses no facts tending to show that the prospective earnings or the operating ratio of the applicant will improve. Bond Application of Texas Short Line Ry., 400.

Toledo, St. Louis & Western R. R. Co., authority to issue receiver's certificates and to pledge them with the Secretary of the Treasury as security for a loan from the United States granted. Certificates of Toledo, St. Louis & Western R. R., 556.

Toledo Terminal R. R. Co., authority to issue promissory notes under a certain proposed agreement of conditional sale for the purpose of evidencing deferred installments of the purchase price of two freight locomotives, granted. Notes of Toledo Terminal Ry., 277.

Virginia Blue Ridge Ry.:

Authority to issue promissory notes and to use said notes to extend loans evidenced by past-due promissory notes for a like aggregate amount, and to pledge as collateral security for certain of said notes its first-mortgage bonds, granted. Notes of Virginia Blue Ridge Ry., 267.

Authority to pledge and repledge from time to time, until otherwise ordered, all or part of first-mortgage gold bonds now held in applicant's treasury, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the act, without authorization from the Commission having first been obtained, granted. Pledge of Bonds by Virginia Blue Ridge Ry., 516.

Washington & Lincolnton R. R. Co., authority to issue and sell cumulative preferred capital stock, the proceeds thereof to be used for the construction, equipment, and rehabilitation of applicant's railroad; and to issue promissory notes in connection with the procurement of a locomotive, granted. Securities of Washington & Lincolnton R. R., 774.

Western Allegheny R. R. Co., authority to issue, from time to time, promissory notes payable on demand, said notes or the proceeds thereof to be used to meet obligations incurred and to be incurred by the applicant for operating expenses, granted. Notes of Western Allegheny R. R., 563.

Western Maryland Ry. Co., authority to issue equipment gold notes and to pledge part thereof with the Secretary of the Treasury as part security for a loan from the United States, granted. Notes of Western Maryland Ry., 209.

Western Pacific R. R. Co., authority to issue and sell first-mortgage gold bonds, the proceeds thereof to be deposited subject to the order and control of the trustees under applicant's first mortgage and to be used by the applicant only for capital expenditures, granted. Bonds of Western Pacific R. R., 655.

Wheeling & Lake Erie Ry. Co.:

Application for blanket authority to pledge, from time to time, any bonds, stocks, or other securities of any and every character and description which are now or may hereafter be held in its treasury, as collateral security for any note or notes which it may issue, denied. The Commission can not with propriety issue general authority of the

SECURITIES—Continued.**Wheeling & Lake Erie Ry. Co.—Continued.**

nature contemplated. Application of W. & L. E. Ry. to Pledge Securities, 293.

Authority to issue refunding mortgage bonds, and to pledge same with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of Wheeling & Lake Erie Ry., 338.

Authority to issue refunding mortgage bonds; to pledge part thereof as security to an existing obligation, replacing other bonds pledged for that purpose; and to pledge the remainder or such portion thereof as may be necessary, as security for a note or notes to be given to the U. S. Railroad Administration on account of indebtedness for expenditures made during federal control, granted; provided that any bonds not so pledged shall be used to replace in applicant's treasury similar bonds heretofore withdrawn for the purpose of pledge. Bonds of Wheeling & Lake Erie Ry., 348.

Wichita Falls & Northwestern Ry. Co., authority to issue receiver's certificates in such amount as not to exceed the indebtedness from applicant to the United States arising out of federal control, to be ascertained and funded under section 207 of the transportation act, 1920; and to pledge said certificates with the Director General of Railroads as collateral security for any note or notes and / or other evidence of indebtedness, which said funding shall be accomplished, granted. Certificates of Wichita Falls & Northwestern Ry., 389.

Wichita Northwestern Ry. Co., authority to issue first consolidated mortgage bonds; and to pledge the same with the Secretary of the Treasury as collateral security for a loan from the United States, granted. Bonds of Wichita Northwestern Ry., 763.

Williamsport & North Branch Ry. Co., authority to issue first-mortgage gold bonds; noncumulative preferred stock; and common stock, in full payment for its railroad property, rights, and franchises, granted. Securities of Williamsport & North Branch Ry., 766.

Wilmington, Brunswick & Southern R. R. Co., authority to issue short-term promissory notes in renewal of other maturing notes representing cash loans, the proceeds of which were used in the purchase of material, equipment, and land, and in the construction of station buildings and docks, granted. Notes of Wilmington, Brunswick & Southern R. R., 230.

Wisconsin & Northern R. R. Co., authority to issue certain short-term notes and to renew the same for certain specified periods, which notes represent in part additions and improvements to the property and in part funds borrowed to meet interest charges or expenses of operation, granted. Notes of Wisconsin & Northern R. R., 14.

SECURITY.**In General:**

The exemption of short-term notes issues from the regulatory power of the Commission under paragraph (9) of section 20a of the act does not extend to securities which the carrier may desire to pledge as security for such notes. Bonds of Baltimore & Ohio R. R., 10 (11).

It is obvious that freedom of action in the negotiation of short-time loans would be substantially curtailed if, before each issue of notes, it were necessary to obtain an order authorizing the pledge of bonds to be offered as security therefor. The necessity for such loans can not always be foreseen, and the opportunity to make them upon favorable terms might be lost during the delay incident to securing such authorization. Advance authorization of the pledge of bonds as

SECURITY—Continued.

In General—Continued.

security for short-term notes is therefore in harmony with paragraph (9) of section 20a of the act. *Id.* (11).

The Commission is required to make investigation of securities before authorizing their issue, and can not with propriety issue general authority to pledge as collateral security bonds, stocks, or other securities of any and every character and description which are or may hereafter be held in the treasury of an applicant. Application of W. & L. E. Ry. to Pledge Securities, 293.

Alabama & Vicksburg Ry. Co., authority to issue promissory notes in payment of maturing first-mortgage bonds; to issue first-mortgage bonds under a proposed mortgage; to pledge said bonds as collateral security for said promissory notes; and to pledge said bonds with the Secretary of the Treasury as security for loans from the United States, granted. Notes of Alabama & Vicksburg Ry., 233.

Ann Arbor R. R. Co.:

Authority to pledge improvement and extension mortgage bonds with the War Finance Corporation, as substitute security for a demand note, granted. Pledge of Bonds by Ann Arbor R. R., 330.

Upon supplemental report, former report 67 I. C. C., 330, authority granted to pledge with the Director General of Railroads improvement and extension mortgage bonds as collateral in substitution for secured notes now constituting part of the collateral security for certain demand notes. Bonds of Ann Arbor R. R., 503.

Baltimore & Ohio R. R. Co.:

Authority to pledge from time to time, refunding and general mortgage bonds as security for short-term notes which may be issued without authorization, to meet temporary requirements, granted. Bonds of Baltimore & Ohio R. R., 10.

Authority granted to issue refunding and general mortgage bonds under a certain mortgage, and to pledge and repledge, from time to time until otherwise ordered, all or any part thereof, as collateral security for note or notes that may be issued without the Commission's authorization having first been obtained; and authority granted to subsidiaries of said railroad to issue various bonds and deliver them upon its order to trustees under certain mortgages. Bonds of Baltimore & Ohio R. R., 341.

Bangor & Aroostook R. R. Co., authority to issue conditional sale purchase notes, in conditional purchase of equipment under the terms of a contract entered into pursuant to the National Ry. Service Corporation's equipment trust; to assume obligation or liability as guarantor and indorser in respect of an obligation of the National Ry. Service Corp. to the United States for a loan on account of said equipment; and to pledge consolidated refunding mortgage gold bonds with the Secretary of the Treasury, as security in part for said loan, granted. Notes of Bangor & Aroostook R. R., 533.

Buffalo, Rochester & Pittsburgh Ry. Co., authority to issue consolidated-mortgage bonds, and to pledge or repledge, from time to time, until otherwise ordered, all or part of the same as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 1 of the act without the Commission's authorization having first been obtained, granted. Bonds of Buffalo, Rochester & Pittsburgh Ry., 636.

SECURITY—Continued.

Central of Georgia Ry. Co., authority to procure authentication and delivery of its refunding and general mortgage bonds, under and pursuant to a certain mortgage, and to pledge or repledge, from time to time, part or all of said bonds when and as necessary as security in whole or in part for advances or loans from the United States, or for notes, the issue of which is required to be reported to the Commission in certificates of notification under paragraph (9) of section 20a of the act, granted. Bonds of Central of Georgia Ry., 248.

Central Vermont Ry. Co., authority to issue refunding mortgage gold bonds, and to pledge and repledge, from time to time until otherwise ordered, all or part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, granted. Bonds of Central Vermont Ry., 681.

Chesapeake & Ohio Ry. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of general-mortgage gold bonds (now held in applicant's treasury) as collateral security for a note or notes which may be issued under paragraph (9) of section 20a of the act, without the Commission's authorization having first been obtained, granted. Pledge of Bonds by Chesapeake & Ohio Ry., 443.

Chicago & Eastern Illinois R. R. Co.:

Authority to issue prior-lien or first-mortgage bonds, general or second-mortgage bonds, preferred stock, and common stock; to assume obligation or liability in respect to certain underlying bonds and equipment obligations; and, if certain loans shall be authorized to issue and pledge as security therefor additional prior-lien or first-mortgage bonds, granted. Bonds of Chicago & Eastern Illinois Ry., 61.

Authority to assume obligation or liability in respect of Chicago & Western Indiana R. R. Co.'s collateral-trust bonds, by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof, granted. Collateral-Trust Obligation of C. & E. I. R. R., 505.

Chicago & Erie R. R. Co., authority to assume obligation or liability in respect of Chicago & Western Indiana R. R. Co.'s collateral-trust bonds, by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof, granted. Collateral-Trust Obligation of C. & E. I. R. R., 505.

Chicago & North Western Ry. Co., authority to issue and sell, in accordance with a proposed trust indenture, secured gold bonds; to issue general-mortgage gold bonds and pledge same, together with other general-mortgage gold bonds heretofore issued and now held in the applicant's treasury, as security for said secured gold bonds, granted. Bonds of Chicago & North Western Ry., 245.

Chicago, Indianapolis & Louisville Ry. Co.:

Authority to assume obligation or liability in respect of Chicago & Western Indiana R. R. Co.'s collateral-trust bonds, by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the trustee under the collateral-trust indenture for the purpose of satisfying

SECURITY—Continued.

Chicago, Indianapolis & Louisville Ry. Co.—Continued.

certain sinking-fund requirements thereof, granted. Collateral-Trust Obligation of C. & E. I. R. R., 505.

Authority to pledge and repledge, from time to time, until otherwise ordered, all or any part of first and general mortgage gold bonds, as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by C., I. & L. Ry., 750.

Chicago, Rock Island & Pacific Ry. Co., authority to issue general-mortgage gold bonds and to deliver said bonds to the trustee under applicant's first and refunding mortgage; and to issue first and refunding mortgage gold bonds and to pledge and repledge, from time to time, until otherwise ordered, all or part of said bonds as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of Chicago, Rock Island & Pacific Ry., 647.

Chicago, St. Louis & New Orleans R. R. Co., and Illinois Central R. R. Co., authority to issue joint first refunding mortgage bonds to reimburse the treasury of the Illinois Central for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans R. R. Co., and the Canton, Aberdeen & Nashville R. R. Co., and to pledge said bonds as security for short-term loans of the Illinois Central R. R. Co., granted. Bonds of Illinois Central R. R., 113.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue to the order of the C. & N. W. Ry. Co., a promissory note in renewal of a matured note, and to repledge as security therefor debenture gold bonds now pledged with said C. & N. W. Ry. Co., as security for the existing note, granted. Notes of Chicago, St. Paul, Minneapolis & Omaha Ry., 90.

Chicago, Terre Haute & Southeastern Ry. Co.:

Authority to issue promissory notes and maturities for the purpose of refunding the amount remaining unpaid of applicant's demand notes now outstanding; and to pledge as collateral security for said notes all or part of its first and refunding mortgage gold notes, granted. Notes of Chicago, Terre Haute & Southeastern Ry., 710.

Authority to pledge all or part of first and refunding mortgage gold bonds (now held in its treasury) as collateral security for a demand note, granted. Pledge of Bonds by C., T. H. & S. E. Ry., 738.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to issue a short-term promissory note; to pledge as security therefor applicant's European loan of bonds; and to make said bonds payable at its office in New York City in dollars at the rate of \$1 for 5.1813 francs, granted. Security of C., C. & St. L. Ry., 355.

Evansville, Indianapolis & Terre Haute Ry., authority to issue first-mortgage bonds, and to pledge them with the Secretary of the Treasury as collateral security for a loan from the United States, granted. Bonds of Evansville, Indianapolis & Terre Haute Ry., 678.

Grand Trunk Western Ry. Co., authority to assume obligation or liability in respect of Chicago & Western Indiana R. R. Co.'s collateral-trust bonds, by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the

SECURITY—Continued.

- trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof, granted. Collateral-Trust Obligation of C. & E. I. R. R., 505.
- Great Northern Ry. Co., authority granted to issue joint convertible gold bonds; to issue and pledge general-mortgage gold bonds, and to use them, as released from pledge, in conversion of the joint bonds; to issue, at par and accrued interest and from time to time upon payment or conversion of the joint bonds, additional mortgage bonds; and to pledge under its general gold-bond mortgage, first and refunding mortgage gold bonds, subject to the existing pledge thereof with the Secretary of the Treasury. Securities of N. P. Ry. and G. N. Ry., 458.
- Greene County R. R. Co., authority to issue first-mortgage gold bonds for pledge with the Secretary of the Treasury as collateral security in part for a loan from the United States, granted. Bonds of Greene County R. R., 806.
- Hocking Valley Ry. Co., authority to issue general-mortgage gold bonds, in accordance with the terms of a certain mortgage, and to pledge said bonds, together with general-mortgage gold bonds, now held free and unencumbered in applicant's treasury, with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Hocking Valley Ry., 70.
- Illinois Central R. R. Co.:
- Authority to issue joint first refunding mortgage bonds to reimburse its treasury for advances made for additions and betterments of the properties of the Chicago, St. Louis & New Orleans R. R. Co., and the Canton, Aberdeen & Nashville R. R. Co., and to pledge said bonds as security for short-term loans, granted. Bonds of Illinois Central R. R., 113.
- Authority to pledge from time to time refunding-mortgage gold bonds as security for the payment of current short-term loans granted. Bonds of Illinois Central R. R., 117.
- Kansas City Terminal Ry. Co., authority to issue and sell or to exchange for maturing notes secured gold notes, and to pledge as collateral security for the proposed notes first-mortgage gold bonds granted. Notes of Kansas City Terminal Ry., 718.
- Lake Erie, Franklin & Clarion R. R. Co., authority to assume obligation and liability in respect of preferred certificates to be pledged with the Secretary of the Treasury as security for a loan from the United States to aid it in the procurement of a locomotive, and a deferred certificate to be pledged as security for a note by entering into an equipment-trust agreement under which the certificates will be issued by the Lamberton National Bank as trustee and thereby agreeing to guarantee payment of the principal and dividends by indorsing upon each certificate a guaranty of such payment, and by entering into a lease of the trust equipment and thereby agreeing to pay rent sufficient to pay such principal and dividends granted. Note of Lake Erie, Franklin & Clarion R. R., 639.
- Louisville & Nashville R. R. Co., authority to pledge from time to time as security for short-term notes, which may be issued without authorization, certain bonds and stocks nominally issued and now held in its treasury granted. Notes of Louisville & Nashville R. R., 263.
- Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage gold bonds and to pledge said bonds as partial security

SECURITY—Continued.

- for a loan from the United States, granted. Bonds of Minneapolis & St. Louis R. R., 362.
- Missouri, Kansas & Texas Ry. Co. of Texas, authority to issue receiver's equipment notes and to pledge them with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Missouri, Kansas & Texas Ry., 703.
- Mobile & Ohio R. R. Co., authority to repledge its St. Louis division gold bonds as security for loan or loans to be represented by short-term note or notes granted. Bonds of Mobile & Ohio R. R., 86.
- Nashville, Chattanooga & St. Louis Ry., authority to issue and sell first consolidated mortgage gold bonds and/or to pledge and repledge from time to time until otherwise ordered all or part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained granted. Bonds of Nashville, Chattanooga & St. Louis Ry., 615.
- New Orleans, Texas & Mexico Ry. Co., upon supplemental report, authority, granted to issue notes for conditional purchase of equipment; to assume obligation or liability in respect of a promissory note to be given by the National Ry. Service Corp. to the United States for a loan on account of said equipment, and in respect of deferred-lien certificates to be issued under the contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan; and to issue gold bonds, and pledge part thereof as additional security for the note and loan, and the remainder as security for the performance of obligations under the contract and trust agreement. Notes of New Orleans, Texas & Mexico Ry., 797.
- New York, Chicago & St. Louis R. R. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of second and improvement mortgage bonds (now held in applicant's treasury) as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization for such issue having first been obtained, granted. Pledge of Bonds by N. Y., C. & St. L. R. R., 545.
- Norfolk Southern R. R. Co., authority to issue first-lien equipment notes, and first and refunding mortgage gold bonds, and pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Notes of Norfolk Southern R. R., 78.
- Northern Pacific Ry. Co., authority granted to issue joint convertible gold bonds; to issue and pledge, under a trust indenture securing the joint bonds, refunding and improvement mortgage bonds, and to use them as released from pledge, in conversion of the joint bonds; to issue, at par and accrued interest and from time to time upon payment or conversion of the joint bonds, additional mortgage bonds. Securities of N. P. Ry. and G. N. Ry., 458.
- Pennsylvania R. R. Co., authority to issue secured gold bonds in accordance with a proposed trust indenture; and to issue general-mortgage bonds and pledge same as security in part for said secured gold bonds, granted. Bonds of Pennsylvania R. R., 212.
- Pere Marquette Ry. Co., authority to pledge and repledge from time to time, until otherwise ordered, all or part of its first-mortgage gold bonds (now held in applicant's treasury) as collateral security for note or notes which

SECURITY—Continued.

- may be issued within the limitations of paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by Pere Marquette Ry., 690.
- Pittsburg & Shawmut R. R. Co., authority to assume obligation or liability, as indorser, in respect of certain promissory notes; and to pledge said notes, together with first-mortgage bonds, heretofore issued, as security for a collateral note, granted. Notes of Pittsburg & Shawmut R. R., 290.
- St. Louis-San Francisco Ry. Co., authority to sell all or any part of prior-lien mortgage bonds now held in applicant's treasury and to pledge and repledge from time to time, until otherwise ordered, all or any part thereof as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization having first been obtained, granted. Bonds of St. Louis-San Francisco Ry., 624.
- Seaboard Air Line Ry. Co., authority to issue first and consolidated mortgage gold bonds under a certain mortgage and to pledge with the Secretary of the Treasury, as security for loans from the United States, first and consolidated mortgage gold bonds and common and preferred capital stock now held by the applicant in its treasury, granted. Bonds of Seaboard Air Line Ry., 216.
- Southern Ry. Co., authority to pledge and repledge, from time to time, until otherwise ordered, all or part of development and general mortgage gold bonds (now held in the applicant's treasury) as collateral security for any note or notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act without the Commission's authorization therefor having first been obtained, granted. Pledge of Bonds by Southern Ry., 673.
- Toledo, St. Louis & Western R. R. Co., authority to issue receiver's certificates and to pledge them with the Secretary of the Treasury as security for a loan from the United States, granted. Certificates of Toledo, St. Louis & Western R. R., 556.
- Virginia Blue Ridge Ry.:
- Authority to issue promissory notes and to use said notes to extend loans evidenced by past-due promissory notes for a like aggregate amount and to pledge as collateral security for certain of said notes its first-mortgage bonds, granted. Notes of Virginia Blue Ridge Ry., 267.
 - Authority to pledge and repledge, from time to time, until otherwise ordered, all or part of first-mortgage gold bonds, now held in applicant's treasury, as collateral security for any note or notes which it may issue within the limitations prescribed by paragraph (9) of section 20a of the act without authorization from the Commission having first been obtained, granted. Pledge of Bonds by Virginia Blue Ridge Ry., 516.
- Wabash Ry. Co., authority to assume obligation or liability in respect of Chicago & Western Indiana R. R. Co.'s collateral-trust bonds by entering into a joint supplemental lease with that company under which applicant agrees to pay a specified amount monthly to the trustee under the collateral-trust indenture for the purpose of satisfying certain sinking-fund requirements thereof, granted. Collateral-Trust Obligation of C. & E. I. R. R., 505.

SECURITY—Continued.

Western Maryland Ry. Co., authority to issue equipment gold notes and to pledge part thereof with the Secretary of the Treasury as part security for a loan from the United States, granted. Notes of Western Maryland Ry., 209.

Wheeling & Lake Erie Ry. Co.:

Application for blanket authority to pledge, from time to time, any bonds, stocks, or other securities of any and every character and description which are now or may hereafter be held in its treasury, as collateral security for any note or notes which it may issue, denied. The Commission can not with propriety issue general authority of the nature contemplated. Application of W. & L. E. Ry. to Pledge Securities, 293.

Authority to issue refunding mortgage bonds, and to pledge same with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of Wheeling & Lake Erie Ry., 338.

Authority to issue refunding mortgage bonds; to pledge part thereof as security to an existing obligation, replacing other bonds pledged for that purpose; and to pledge the remainder or such portion thereof as may be necessary, as security for a note or notes to be given to the U. S. Railroad Administration on account of indebtedness for expenditures made during federal control, granted; provided that any bonds not so pledged shall be used to replace in applicant's treasury similar bonds heretofore withdrawn for the purpose of pledge. Bonds of Wheeling & Lake Erie Ry., 348.

Wichita Falls & Northwestern Ry. Co., authority to issue receiver's certificates in such amount as not to exceed the indebtedness from applicant to the United States arising out of federal control, to be ascertained and funded under section 207 of the transportation act, 1920; and to pledge said certificates with the Director General of Railroads as collateral security for any note or notes and/or other evidence of indebtedness, which said funding shall be accomplished, granted. Certificates of Wichita Falls & Northwestern Ry., 389.

Wichita Northwestern Ry. Co., authority to issue first consolidated mortgage bonds, and to pledge the same with the Secretary of the Treasury as collateral security for a loan from the United States, granted. Bonds of Wichita Northwestern Ry., 763.

SECURITY HOLDERS.

Where the public has found it expedient to adopt a *laissez-faire* policy to encourage utility development, it can not be said, in the absence of regulation, that profits have been illegally collected. The title to surplus earnings has vested without limitation or condition in the corporation, and benefits the shareholder. Stock of D., L. & W. R. R., 426 (432).

SETTLEMENT. See FINAL SETTLEMENT.**SHORT LINES.**

The following roads which sustained deficits in railway operating incomes while under private operation in the federal-control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which there are deductible certain amounts as due to the President on account of traffic balances and other indebtedness, and final settlements made:

Cairo, Truman & Southern R. R. Co., 627.

Dayton, Toledo & Chicago Ry Co. (W. H. Ogborn, Receiver), 631.

SHORT LINES—Continued.

Ettrick & Northern R. R. Co., 377.

Fort Smith, Subiaco & Rock Island R. R. Co., 661.

New Mexico Central Ry. Co., 105.

Tennessee, Alabama & Georgia R. R. Co. (Charles Hicks, Receiver), 481.

Western Allegheny R. R. Co., 271.

The following roads which sustained deficits in railway operating incomes while under private operation in the federal control period found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during federal control ascertained from which no amounts are deductible as due to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness and final settlements made:

Deering Southwestern Ry., 634.

Electric Short Line Ry. Co. (Arizona), 723.

Gulf, Florida & Alabama Ry. Co., 537.

Liberty-White R. R. Co., 530.

Nezperce & Idaho R. R. Co., 629.

Shearwood Ry. Co., 379.

South Manchester R. R. Co., 684.

Amounts necessary to make good the guaranty of section 209 of the transportation act, 1920, ascertained, and final settlements made with the following roads by deducting from such ascertained amounts sums heretofore certified for payment as advances under that section:

Electric Short Line Ry. Co. (Minnesota), 726.

Electric Short Line Terminal Co., 729.

SHORT-TERM NOTES. *See* NOTES.

SPUR TRACKS.

Western Pacific R. R. Co., proposed construction of a branch line in Butte County, Calif., the sole purpose of which is to reach a tract of timber not at present accessible to any line of railroad and which will serve but a single lumber company and move no traffic except logs, *Held*: Such a branch line would be a spur track within the meaning of paragraph (18) of section 1 of the act and paragraphs (18) to (21), inclusive, of that section do not apply to such construction. Public Convenience Application of Western Pacific R. R., 135.

STATIONS.

Copper Range R. R. Co., proposal to abandon operation over a portion of the tracks of the Chicago, Milwaukee & St. Paul Ry. Co. and discontinue the joint use of the latter company's station at Mass, Mich., under a trackage right conveyed by contract, held not to fall within the Commission's jurisdiction conferred by paragraph (18), section 1 of the act, and certificate of convenience and necessity is unnecessary. Certificate of Copper Range R. R., 502.

STOCKOLDERS. *See* SECURITY HOLDERS.

STOCKS.

In General:

Authority to issue stock can not be claimed as a right. It is within the Commission's discretion, subject to the limitation that it shall grant authority only if it is able to make the necessary finding as provided in section 20a of the act. If a carrier is lawfully entitled to earn a return upon the fair value of property acquired out of surplus, this

STOCKS—Continued.

12 General—Continued.

right will persist whether or not a stock issue is permitted. Stock of D., L. & W. R. R., 426 (431).

To render a proposed issuance of stock for distribution as a dividend "compatible with the public interest," within the meaning of the statute, a substantial surplus should remain uncanceled as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in nonrevenue-producing property, and serving as a general financial balance wheel. Id. (433).

Carrier not permitted to issue capital stock against its net account with the U. S. Railroad Administration, which is merely an unadjusted balance, or its investments in nonoperating properties, where no reasons for acquiring and holding these properties are stated and no present or contemplated future use of them in connection with the carrier's transportation service is shown. Id. (434).

Atlantic Port Ry. Corp., authority to issue capital stock, the proceeds thereof to be used solely as working capital, granted. Stock of Atlantic Port Ry., 734.

Chicago & Alton R. R. Co., authority to issue cumulative prior-lien and participating stock in exchange for preferred and common stock of the old Chicago & Alton R. R. Co.; noncumulative preferred stock in exchange for preferred stock, and common stock in exchange for common stock of the Chicago & Alton Ry. Co., granted. Stocks of Chicago & Alton R. R., 386.

Chicago & Eastern Illinois R. R. Co., authority to issue preferred and common stock, granted. Bonds of Chicago & Eastern Illinois Ry., 61.

Chicago, Burlington & Quincy R. R. Co., authority to issue additional capital stock as a dividend, granted. Carrier has a great uncanceled surplus; present capitalization is far below actual investment; increase would still leave the total below actual investment; remaining uncanceled surplus would be sufficient to serve purposes for which a surplus should be accumulated; and the present financial structure is obsolete and inadequate and a new form of mortgage and larger stock base to meet the requirements of statutes governing investments by savings institutions in various states are necessary. Stock of Chicago, Burlington & Quincy R. R., 156.

Death Valley R. R. Co., authority to issue and sell common capital stock, the proceeds thereof to be used to retire matured first-mortgage bonds, granted. Such issue of stock and retirement of bonds as proposed will not increase applicant's capitalization and will reduce its fixed interest charges. Stock of Death Valley R. R., 670.

Delaware & Hudson Co., authority to issue common capital stock to place applicant in a position to meet its conversion agreement in case it should be called upon to comply with its terms for the conversion of certain convertible gold bonds, granted. Stock of Delaware & Hudson Co., 20.

Delaware, Lackawanna & Western R. R. Co., authority to issue common stock to be distributed as a dividend, granted. Carrier has a large uncanceled surplus; the present capitalization is below the actual investment or fair value of the property; the increase in capitalization would still leave the total capitalization below the fair value of the property; and the remaining uncanceled surplus will be sufficient to serve the purposes for which a surplus should be accumulated. Stock of Delaware, Lackawanna & Western R. R., 426.

STOCKS—Continued.

Detroit & Ironton R. R. Co., authority to issue and sell capital stock, the proceeds thereof to be used in constructing a line of railroad pursuant to certificate of public convenience and necessity issued in 67 I. C. C., 600, granted. Stock of Detroit & Ironton R. R., 731.

Hartwell Ry. Co., authority to issue capital stock and deliver the same to the Southern Ry. Co. in exchange for the cancellation and surrender of bonds issued under a first mortgage covering certain land, granted. Stock of Hartwell Ry., 456.

Interstate R. R. Co., authority to issue and sell capital stock, the proceeds to be used solely to make certain additions and betterments to road and equipment and to reimburse its treasury for moneys heretofore expended for certain other additions and betterments, granted. Stock of Interstate R. R., 421.

Missouri-Illinois R. R. Co., authority to issue capital stock at par for cash and in payment for certain property, granted. Securities of Missouri-Illinois R. R., 651.

Muskegon Ry. & Navigation Co., authority to issue and sell common capital stock, the proceeds to be used solely for construction purposes and acquisition of equipment, granted. Securities of Muskegon Ry. & Nav. Co., 527.

Raritan River R. R. Co., authority to issue and sell at par common capital stock, representing the balance of its authorized capital stock, the proceeds to be used for interline payments, taxes, and current expenses, granted. Stock of Raritan River R. R., 8.

Washington & Lincolnton R. R. Co., authority to issue and sell cumulative preferred capital stock, the proceeds thereof to be used for the construction, equipment, and rehabilitation of applicant's railroad, granted. Securities of Washington & Lincolnton R. R., 774.

Williamsport & North Branch Ry. Co., authority to issue noncumulative preferred stock; and common stock, in full payment for its railroad property, rights, and franchises, granted. Securities of Williamsport & North Branch Ry., 766.

STRUCTURES. *See* WAY AND STRUCTURES.

SUBSIDIARIES.

Baltimore & Ohio R. R. Co., authority granted subsidiaries to issue various bonds and deliver them upon the order of that company to trustees under certain mortgages. Bonds of Baltimore & Ohio R. R., 341.

SUPPLEMENTAL REPORT. *See also* REARGUMENT; REHEARING.

Ann Arbor R. R. Co., upon supplemental report, former report 67 I. C. C., 330, authority granted to pledge with the Director General of Railroads improvement and extension mortgage bonds as collateral in substitution for secured notes now constituting part of the collateral security for certain demand notes. Bonds of Ann Arbor R. R., 503.

New Orleans, Texas & Mexico Ry. Co., upon supplemental report, authority granted to issue notes for conditional purchase of equipment; to assume obligation or liability in respect of a promissory note to be given by the National Ry. Service Corp. to the United States for a loan on account of said equipment, and in respect of deferred-lien certificates to be issued under the contract and trust agreement, and pledged with the Secretary of the Treasury as part security for the note and loan; and to issue gold bonds, and pledge part thereof as additional security for the note and loan, and the remainder as security for the performance of obligations under

SUPPLEMENTAL REPORT—Continued.

the contract and trust agreement. Notes of New Orleans, Texas & Mexico Ry., 797.

Seaboard Air Line Ry. Co.:

Upon supplemental report, application for a loan to meet maturing indebtedness consisting of equipment notes and to make additions and betterments to equipment and way and structures, granted in part. Former report 87 I. C. C., 189. Loan to Seaboard Air Line Ry., 293.

Upon supplemental report, authority granted to divert part of the proceeds of the loan certified in 65 I. C. C., 163, for providing additions and betterments to roadway and equipment, to a certain purpose, thereby reducing expenditures for other purposes in like amount, granted. Partial Diversion of Loan to Seaboard Air Line Ry., 686.

Waterloo, Cedar Falls & Northern Ry. Co., upon supplemental report, application for loan to aid in meeting maturing indebtedness and providing additions and betterments to way and structures, granted in part. Former report 65 I. C. C., 610. Loan to Waterloo, Cedar Falls & Northern Ry., 325.

Wheeling & Lake Erie Ry. Co., upon supplemental report, former report 65 I. C. C., 217, application for a loan through the National Ry. Service Corporation, to aid in providing new equipment, granted. Loan to Wheeling & Lake Erie Ry., 588.

SURPLUS:

In General:

Where the public has found it expedient to adopt a *laissez-faire* policy to encourage utility development, it can not be said, in the absence of regulation, that profits have been illegally collected. The title to surplus earnings has vested without limitation or condition in the corporation, and benefits the shareholder. Stock of D., L. & W. R. R., 426 (432).

The doctrine of implied trust, sometimes applied to donated property by courts and commissions, has no application to excessive return, for the payment of rates carried with it no requirement that the funds be left in the business or used for the public benefit. Its strained application to carriers who have made additions and betterments from surplus would only penalize those who came nearest to benefiting the public. The surplus from income, in such cases, was unrestricted legal property of the company, and ceased to be funds of the public before the decision to divert it to either dividends or additions and betterments was made. *Id.* (432).

To render a proposed issuance of stock for distribution as a dividend "compatible with the public interest," within the meaning of the statute, a substantial surplus should remain uncanceled as a support for the applicant's credit, providing for emergency needs, offsetting obsolescence and necessary investments in non-revenue producing property, and serving as a general financial balance wheel. *Id.* (433).

The maintenance of a substantial uncanceled surplus reserve is a direct benefit to stockholders. It maintains the market value of their stock and protects not only their dividends but their pro rata share of the assets available on dissolution. *Id.* (433).

Stocks of advertising, mining, timber, and land companies, United States government bonds and certificates of indebtedness, municipal bonds, and steel company bonds are flexible assets which the Com-

